Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel,	Shk4.50	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£2.00	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.00	Lux	LFr60	Spain	Pta175
Germany	DM2.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.30	Thailand	Bt50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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Thursday April 11 1991

D 8523A

CAR INDUSTRY

Fresh charge of the electric brigade

Page 19

World News

Vietnam and US relations show signs of thawing

US and Vietnamese officials are moving closer to ending a 16-year diplomatic stand-off by holding the first high-level meeting between the two countries for six months.

The US wants the Cambodian problem to be dealt with in four phases, starting with the signing of an international agreement on Cambodia and the convening of formal talks Page 6

Rohwedder mourned

About 1,000 German business and political leaders yesterday gathered in Berlin to honour Detlev Rohwedder, the most prominent victim to date of German unification. Page 20

Swedish jobs fight

Sweden is to spend SKr6bn ($986m) on measures designed to provide 40,000 training places for workers.Page 20

Stability hopes grow

Italy's caretaker prime minister, Giulio Andreotti, met the secretaries of the five parties forming the fallen coalition government, as chances of forming a new government quickly improved. Page 2

Koran word is law

Pakistan introduced legislation that would make the Moslem holy book the country's supreme law and bring all aspects of life - from social mores to civil liberties - under the tenets of Islam. Page 4

Settlement goes on

Israel said it is to proceed with plans to expand Jewish settlement in the occupied territories, in spite of recent objections by US secretary of state James Baker. Page 4

Euro-power appeal

Germany and Italy called for the powers of the European parliament to be strengthened at the expense of ministers, who dominate European Community decision-making.

Togo protest

Thousands of students and youths demanding the resignation of Togo's President Gnassingbe Eyadema fought pitched battles with heavily-armed riot police for a second successive day in the capital Lome.

700 Tamils killed

Up to 700 Tamil rebels and 111 government soldiers have been killed over the past two weeks in renewed fighting in Sri Lanka's north and east, a defence ministry official said.

Israel frees prisoners

The Israeli army freed 240 Palestinian prisoners as US Secretary of State James Baker ended a two-day peace mission to Israel.

Ministerial attack

Gunmen killed a Pakistani provincial minister's guard and wounded his secretary before stealing his car in Karachi, police said. Tariq Javed, local bodies minister in Sind, was not in the car when the attack took place outside his house.

Separatist seized

Indian security forces have arrested the head of the Kashmiri separatist group holding two Swedish engineers, after a series of overnight raids on houses in in the old quarter of Srinagar.

Colombian rationing

The Colombian government ordered half the country's cars off the road to reduce petrol consumption after guerrillas attacked pipelines and and refinery workers announced plans for a national strike.

New college closes

Maseno University College, a new Kenyan university, closed indefinitely after a "reign of terror" by students protesting over the standard of campus meals and their treatment by the authorities.

Business Summary

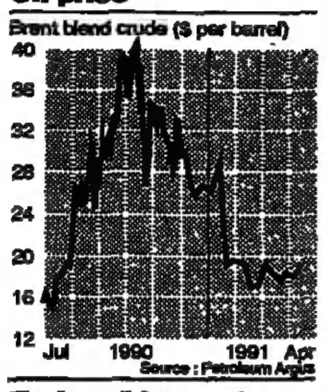
Alenia and Aerospatiale agree to buy De Havilland

Alenia and Aerospatiale, Italian and French state-owned aerospace groups, have reached agreement to buy De Havilland, Canadian aircraft manufacturer owned by Boeing of the US. Page 21

SMITHS Industries, aerospace and medical group, unveiled orders from the US, including an innovative avionics system for Boeing, the civil aircraft manufacturer, which could be worth more than $700m during the next decade. Page 21

OIL: prices surged as strength returned to the US market after a report that stocks of petrol and crude oil were close to minimum levels.

Oil price



The June oil futures price on the New York Mercantile Exchange jumped by 60 cents at midsession to $20.62 a barrel. Commodities, Page 30

SAN Miguel Corp, Phillipines food and drinks group, plans to issue debt that can be converted into common shares. Capital Markets, Page 25

COMMERZBANK, Germany's third largest bank, saw group partial operating profits climb 18.3 per cent to DM 1.39bn ($837.3m) in 1990, thanks largely to buoyant credit business Page 21

JAPANESE insurers, among the most tightly-regulated of the country's financial institutions, have come a step closer towards breaking into new business areas, such as securities and banking. Capital Markets, Page 25

SOCIETE Générale, French high street bank, has reported a 25 per cent drop in profits after a substantial increase in provisions for bad debts and securities. Page 21

RIETER, Swiss textile machinery group, plans to halve its dividend after disclosing a 54 per cent slump to SFr36.3m ($25.4m) in net consolidated earnings in 1990. Page 22

DAIEI, Japanese retail group, announced the Y58.9bn ($436.3m) purchase of 26.7 per cent of Maruetsu, chain store operator, to bring the group closer to its goal of building a vast retail empire in Japan. Page 23

FORD, US motor manufacturer, is to build a demonstration fleet of electric vehicles next year as a precursor to production "in the second half of the 1990s". Page 6

COMMONWEALTH Bank of Australia, government-owned bank, reported a 7.9 per cent drop in pre-tax operating profit to A$355.7m ($280m) a month before it is due to partially float. Page 23

BANK of New York surprised Wall Street by turning in a first-quarter loss and slashing its quarterly dividend by 28 per cent to 38 cents a share. Page 24

INTERNATIONAL Paper, US forest products group which has been expanding aggressively in Europe, reported a 27 per cent drop in first-quarter net earnings. Page 24

FRENCH trade unions reacted with moderation to plans by tyremaker Michelin's plans to reduce its worldwide workforce by 15 per cent, including 4,900 jobs in France. Page 2

Washington throws full weight behind UN relief effort for Kurds

US imposes flying ban on Iraq

By **Lionel Barber** in Washington, **Robert Mauthner** in London, **Michael Littlejohns** in New York and **Tony Walker** in Cairo

THE US yesterday threw its full weight behind United Nations relief efforts for the Kurds in Iraq, warning President Saddam Hussein not to use air or ground forces to interfere with the UN relief operation.

The flying ban covers all air activity north of the 36th parallel, cutting a swath across northern Iraq with a view to establishing a sanctuary for hundreds of thousands of Kurdish refugees fleeing the Iraqi army.

The US warning has been conveyed to Iraq through diplomatic channels and aims to strengthen the hand of Mr Eric Suy, the UN special emissary who departed for Iraq yesterday to assess the scale of the Kurdish refugee problem. His mission has been welcomed by Iraq.

The White House appeared stung by criticism that President George Bush had misled Kurdish rebels about potential US support for their revolt against Baghdad and that the US had failed to take the lead in organising humanitarian relief inside Iraq after the end of the Gulf war.

Although the US has shot down two Iraqi warplanes since the Gulf cease-fire, it has not acted against Iraq's Soviet-supplied helicopter gunships which rebel forces claim have been firing indiscriminately on civilians.

Mr Douglas Hurd, Britain's foreign secretary, suggested last night that the UK plan for a safe haven for Kurdish refugees could be the first step towards regional autonomy for the Kurds.

He said the Kurds were not seeking full independence. In the first place, the UN must find a way of ending the killing and suffering of the Kurds. That could be done through "the bold, wise and timely initiative," which Mr John Major, the UK prime minister had put forward.

The announcement of the mission led by Mr Suy, a Belgian foreign ministry official and former senior member of the UN Secretariat, appeared last night to reduce some of the pressure for further urgent measures by the Security Council.

However, the UN spokesman emphasised that the team would not be examining possibilities for establishing a Kurdish enclave – a proposal which Iraq has denounced as an unwarranted intrusion into its domestic affairs.

Commenting on the plan, Mr Li Daoyu, China's ambassador, said it went beyond the council's mandate in the Gulf crisis and some other approach was needed. Soviet officials expressed their own reservations, adding that they did not believe the idea would "fly".

The tougher US line indicates that the administration – under pressure from Britain and France – has overcome its initial fears about being sucked into a civil war inside Iraq and thus delaying the early withdrawal of US forces.

Continued on Page 20

Ruined Basra faces its own struggle, Page 4

Washington accused over role in Iraq exports, Page 20

Kurdish women, shielding their mouths against dust, await relief supplies in a camp at Piransahr, northern Iran

UK seeks clearer company accounts

By **David Waller** in London

BRITISH company profit and loss accounts are set to undergo radical restructuring under proposals issued yesterday by the Accounting Standards Board, the body responsible for formulating accounting rules in the UK.

The result of the package will be to make accounts more informative. There will be less scope for companies to manipulate their profits and reported earnings will in many cases fall.

The draft rules, which would affect all UK companies, envisage a substantial increase in the amount of information they would be required to disclose, as well as a tightening of the rules on the classification of "below the line" costs – those which are not reflected in pre-tax profits.

The proposals follow a spate of corporate crashes which have drawn attention to the limitations of financial reporting requirements in the UK.

Declaring the current structure of accounts is inadequate, the board makes a series of specific proposals:

- Companies should be required to disclose the proportion of profits coming from continuing businesses – those businesses owned at the beginning of the year – as well as businesses acquired and sold during the year.
- Companies will have to publish a prominent statement showing the movement of reserves. Such information – showing the effect of, for example, property revaluations, goodwill write-offs and currency movements – is important in determining the financial health of companies but is often buried in notes to the accounts.
- The rules on so-called "extraordinary" and "exceptional" items will be tightened so that it will be harder for companies to treat costs arising from the reorganisation or closure of businesses in such a way that they have no impact on earnings per share.

The current rules allow flexibility and companies try to treat such costs as extraordinary items, taken "below the line".

"The idea behind the proposals is to make companies show clearly the various components of profits", said Prof David Tweedie, ASB chairman. He said the changes would bring the UK into line with US practice.

Analysis, Page 9; Lex, Page 20

Gorbachev considers coalition government

By **John Lloyd** in Moscow

MR Mikhail Gorbachev is now considering forming a coalition government with opposition parties to bring stability to the country, Mr Georgy Shakhnazarov, a close aide to the Soviet president, said yesterday.

Mr Shakhnazarov, the key political aide to Mr Gorbachev for the past year and known as a liberal, said Mr Gorbachev "had made it quite clear to the Federation Council (on Tuesday) that he was prepared to go in this direction".

He said the Soviet president had welcomed the call in a speech to the Russian Congress two weeks ago by Mr Boris Yeltsin, the Russian leader, for a "coalition government of popular trust and national accord".

The proposal marks a sharp turnround from Mr Gorbachev's previous refusal to consider such a coalition and provides further evidence of his loss of authority in the face of Mr Yeltsin's popularity. Adding to the impression of desperation, Mr Shakhnazarov said the ban on strikes proposed by the Soviet president on Tuesday would not be implemented while there was still a possibility that Mr Yeltsin would make an appeal to the striking miners to go back to work.

If, however, the appeals and negotiations failed, "the security forces must do what they can" to end the strikes, he warned.

Mr Shakhnazarov's account of the meeting of the Federation Council, which comprises the leaders of the republics, the cabinet of ministers and the heads of other Soviet institutions, differed markedly from the harsh tone of the official reports of the proposal to ban strikes and demonstrations. He repeated, however, that the emergency measures were being contemplated because the economy was now in serious danger. "If we don't establish some order, we can face anything, even hunger".

Mr Shakhnazarov said the anti-crisis programme unveiled by Mr Gorbachev at the session would lead to a raft of legislation and initiatives in the second half of this year, including a bankruptcy law, the creation of an anti-monopoly committee and the creation of a new council for economic reform.

He denied that Mr Gorbachev had taken the tough measures because of pressure from the hardline Soyuz group of deputies, who threatened this week to call a special congress aimed at sacking the president. Mr Shakhnazarov said Mr Gorbachev had met the leaders of Soyuz and that the idea of a special congress had been dropped.

Both Mr Gorbachev and Mr Yeltsin have now committed themselves to the idea of a coalition government, preceded by a round table of parties to thrash out the terms under which it would operate. However, Mr Yeltsin seemed to back-pedal from the idea in the flush of victory at the end of the Russian Congress.

The government's weakness before the rising tide of strikes and demonstrations was again evident yesterday. Workers in the Belorussian capital of Minsk staged a day's strike to demand the resignation of the Soviet and the republican governments, closing the

Continued on Page 20

Photograph, Page 2

Procter & Gamble pays $1.14bn for Revlon cosmetics brands

By **Martin Dickson** in New York and **Alice Rawsthorn** in London

PROCTER & GAMBLE, the US consumer products group, yesterday moved to become a leading player in the world cosmetics industry by agreeing in principle to buy the Max Factor and Betrix businesses from Revlon for $1.14bn.

This is the latest in a series of substantial acquisitions within international cosmetics.

P&G has already bought a number of businesses as have Unilever, the Anglo-Dutch industrial group, and L'Oréal, the French toiletries and cosmetics company.

Revlon, the heavily indebted New York company owned by Mr Ronald Perelman, has been in discussion for some weeks with several international cosmetics groups about the sale of part, or possibly all of its beauty business, which is estimated to be worth up to $3bn.

Mr Perelman said yesterday that, while the company would continue discussions about the sale of a limited number of other beauty assets, he planned to "keep the Revlon core business and to aggressively build on it".

A number of companies are said to be interested in the remaining parts of Revlon such as the Almay and Ultima II skincare brands. These include Unilever, L'Oréal and Kao, the Japanese consumer products group.

P&G, which could have faced US anti-trust difficulties by buying the entire Revlon portfolio, is picking up two mass market brands with a strong international presence. Max Factor is one of the most successful Western beauty brands in Japan. Betrix, based in Germany, is strong in continental Europe.

This should complement the powerful position P&G has built up in the US beauty business over the past six years through acquisitions and clever marketing campaigns. It entered the US cosmetics market in 1989 through the acquisition of Noxell, which makes Cover Girl, the leading mass market brand.

Max Factor has annual sales of $600m, with 75 per cent coming from outside the US.

It is thought to have a 5 per cent US market share, while Cover Girl has 23 per cent. Betrix has sales of around $200m through brands such as Ellen Betrix.

Mr Edwin Artzt, chairman of P&G, said the acquisition was a "good fit with our strategic game plan. Noxell gave us a toehold in the US cosmetics market, but almost nothing overseas".

Revlon, acquired by Mr Perelman in 1985 in a highly leveraged transaction, will use the proceeds of the sale to reduce the heavy debt repayment schedules it faces over the next few years.

It will use the bulk of the proceeds to repay bank debt, including some $800m due next year, and to eliminate its short term bank borrowings.

A company spokesman declined to comment on reports that Mr Perelman might also be planning to sell some 40 per cent of National Health Laboratories in a public stock offering to raise $750m.

Background, Page 21

CONTENTS

France's restive state sector senses freedom at last

Some French state-controlled companies are gleeful over a decision relaxing President François Mitterrand's policy on nationalisation and privatisation. Partial privatisation is now permissible.

Page 3

MARKETS

STERLING
New York lunchtime:
$1.7915
London:
$1.7905 (1.769)
DM2.9875 (same)
FFr10.1125 (10.105)
SFr2.53 (2.535)
Y241.75 (242.75)
£ Index 93.1 (92.8)

GOLD
New York: Comex Jun
$367.00
London:
$364.00 (361.55)

N SEA OIL (Argus)
Brent May
$18.775 (18.85)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.667
FFr5.641
SFr1.4095
Y134.85
London:
DM1.671 (1.6885)
FFr5.6575 (5.7125)
SFr1.4185 (1.4325)
Y135.80 (137.25)
$ Index 64.8 (65.3)
Tokyo close: Y137.00

US lunchtime rates
Fed Funds $5\frac{3}{4}$%
3-mo Treasury Bills:
yield: 5.77%
Long Bond:
$98\frac{3}{16}$
yield: 8.18%

STOCK INDICES
FT-SE 100:
2,527.2 (−2.7)
FT Ordinary:
1,998.0 (−1.0)
FT-A All-Share:
1,224.17 (−0.1%)
New York lunchtime:
DJ Ind. Av.
2,899.01 (−19.55)
S&P Comp
377.90 (−1.95)
Tokyo: Nikkei
26,317.89 (−290.26)

LONDON MONEY
3-month interbank:
closing $11\frac{13}{16}$% ($12\frac{1}{16}$)
Liffe long gilt future:
Jun 93 ($93\frac{1}{8}$)

Unity mishandled says Commerzbank head

COMMERZBANK'S chief executive, Mr Walter Seipp, yesterday strongly attacked what he called the German government's mishandling of the rebuilding of east Germany, writes Katharine Campbell in Frankfurt.

"German unification, initiated on a political level in such a forceful manner, is in danger of becoming derailed from an economic policy point of view," warned Mr Seipp, who retires in May. In the process, it could jettison the "German virtues of monetary stability and financial solidity".

Mr Seipp, who has become known for his periodic swipes at Bonn, complained that the recent tax increases had been undermined because they had not been accompanied by subsidy cuts in the west.

"Subsidy reductions have made no progress even in the context of these historically unique circumstances," he said, noting a 6 per cent increase in public spending in west Germany in 1990.

He also criticised the current high wage claims saying they might pose a danger to continued buoyant growth of the overall economy in 1992. The early announcement of an increase in value added tax (from 1993) may have helped to push up the unions' claims during the wage round, he said.

Mr Seipp attacked the void in public administration in the east saying it was hampering investment and that Bonn still had no proper answer for it.

The Commerzbank chief also returned implicitly to his criticism of the Bundesbank's decision to raise official interest rates at the end of January. He said the impression, domestically and internationally, of a stable economy policy orientation should not have to be bought simply by raising interest rates – and running the risk of strangling economic growth.

Barring further disasters in the wage round, Mr Seipp said that he saw no need for "yet another" tightening of monetary policy.

Although the current account has slipped into deficit, with possible dangers for the D-Mark, he said he believed that German exports would revive next year with an economic recovery worldwide.

He added that, while events in eastern Europe had a tendency to affect the D-Mark psychologically, that in economic terms the area remained relatively insignificant.

Commerzbank results, Page 31

Germany and Italy draw up plan on EC power

By David Buchan in Brussels

GERMANY and Italy yesterday joined together to try to persuade their partners in the current negotiation on European political union to give more powers to the European Parliament, including a right to initiate some EC legislation and a say on the outcome equal to that enjoyed by the Council of Ministers.

The joint declaration was in the names of the two countries' foreign ministers, Mr Hans Dietrich Genscher and Mr Gianni de Michelis, who will present it at the next inter-governmental conference session on political union in Luxembourg on Monday.

It marks one of the very rare occasions on which Germany has signed a formal statement on a multilateral Community issue with a country other than France, and reflects the fundamental divergence of view between Bonn and Paris over the European Parliament.

France, though recently dragged in general joint statements with Germany on political union some way towards "co-decision" for the Strasbourg assembly, lines up nearer Britain in believing that the best way to give EC law-making greater democratic legitimacy is by involving national Parliaments more.

Rather than give the current directed-elected 518 European Parliament much more power, France has proposed the appointment of members of the European and national parliaments to a "Congress" that would pronounce on all key changes in EC policy.

The Genscher-De Michelis plan calls for:

- An equal say for Strasbourg in passing legislation so that nothing could become EC law without the Parliament voting in favour.
- A right of initiative for Strasbourg, as national parliaments have. Proposals would, however, normally come from the Commission, which has a present monopoly right of initiative.
- The right to approve/ disapprove whichever governments choose to be the president of the Commission, and to confirm the whole 17-person Commission in office.

Workers mass in the usually-conservative Belorussian capital Minsk yesterday, dismissing concessions by local party officials and challenging a proposed ban on protests by President Mikhail Gorbachev, Reuter reports from Minsk.

A spokesman for the Minsk strike committee said the city was at a standstill, with most enterprises closed by the protest strike.

A vote was expected later in the day on whether to launch an indefinite stoppage.

"The city of Minsk is paralysed but we are trying to maintain vital services," he said.

Tass news agency said thousands of striking workers had closed the giant automobile factory and part of the big tractor works.

Andreotti moves on coalition

By Haig Simonian in Milan

ITALY'S caretaker prime minister, Mr Giulio Andreotti, yesterday met the secretaries of the five parties forming the coalition government which fell last month, amid signs that the chances of forming a new government quickly had improved.

The meeting follows consideration by the parties of Mr Andreotti's proposals for a new government programme in the time remaining before general elections in 1992. The draft programme puts the emphasis on constitutional reform and on steps to tackle Italy's huge budget deficit.

Among other areas highlighted for action are the combatting of organised crime, the tackling of economic problems in the south of the country, and an improvement in social services.

Although divisions between the five parties over changes to Italy's political system appear to have narrowed this week, substantial differences remain over specific priorities.

Mr Andreotti must resolve the gulf between Socialist calls for a more presidential type of government and the strong opposition to such ideas from within the ranks of his own Christian Democrats, who have in turn pressed for electoral reform.

- Italy risks becoming an economic backwater within Europe unless its huge state-controlled industries become more competitive, Mr Cesare Romiti, Fiat managing director, warned yesterday, Reuter reports from Rome.

Mr Romiti said there were various routes to greater efficiency of the state sector, including privatisation or joint ventures between public and private companies. It was vital that administration of the public sector became less political.

EUROPE IN BRIEF

Brussels to investigate Italian aid

The European Commission is to investigate an Italian government scheme to provide L287bn ($229m) to restructure the road haulage sector, writes David Gardner in Brussels.

Brussels is concerned that the state aid contains no commitment to reduce capacity in the industry. The Commission believes, on the contrary, that it will lead to an increase in current overcapacity.

The three-year Italian aid programme is meant to lead to consolidation through mergers and the setting up of co-operatives.

It contains tax breaks, training funds, premiums for buying new lorries, and investment subsidies, as well as compensation for winding up businesses.

French unions react to job cuts

French trade unions yesterday reacted with moderation to Michelin's plans to reduce its worldwide workforce by 15 per cent, including 4,900 jobs in France, writes William Dawkins in Paris.

A meeting of the four main unions at the tyre-maker's plant in Clermont Ferrand, agreed to hold a protest demonstration there tomorrow and to call on the works council for further action. The severity of the plan took the workforce by surprise, but Michelin officials maintained it had been greeted with relative calm.

Union officials said it would be hard to mobilise strong reaction because only an estimated one in 20 Michelin employees belonged to a union.

Mr Alain Martinet, the CFDT union's local secretary, blamed Michelin's problems on its acquisition of Uniroyal Goodrich, the US tyre group, which lifted the French company from second to first place in the world market just as demand started to fall.

Clermont Ferrand will be the hardest hit of all Michelin's centres, with 2,432 job losses.

Serbian interior minister resigns

Serbia's interior minister has resigned his post, one month after violent clashes in Belgrade between Serbian police and protesters in which two people died, according to the state Tanjug news agency, AP reports from Belgrade.

Radmilo Bogdanovic: resigned over clashes

The parliament in Yugoslavia's largest state accepted the resignation of Mr Radmilo Bogdanovic, regional interior minister, despite the government's recommendation that it not do so, Tanjug said.

Mr Bogdanovic's resignation was a key demand of the non-Communist opposition in Serbia, which organized a March 9 rally that ended in bloody clashes with police.

Mr Bogdanovic submitted his resignation at a late night parliament session Tuesday after legislators adopted a report on the March 9 violence in which two people were killed and more than 200 injured.

Dutch plea on EC enlargement

The Dutch foreign minister, Mr Hans van den Broek, urged the European Community to offer Poland, Czechoslovakia and Hungary full membership by the year 2000, AP reports from Amsterdam.

Speaking at the Global Panel conference on world political and economic issues, he urged the EC to take a "bold step" and offer membership within the current decade.

Community officials have expressed doubts about whether the three countries will be economically strong enough to meet membership requirements by that time.

Albania drops socialist name

Albania's ruling communists yesterday unveiled a draft constitution that drops the word socialist from the country's title and puts party leader Mr Ramiz Alia in line for a powerful executive presidency, Reuter reports from Tirana.

The draft was published in the communist party newspaper *Zeri i Popullit* five days before the opening session of the first multi-party parliament since communists took power in 1944.

"The Republic of Albania is a just and democratic state based on social equality, the protection of all human rights and political pluralism," article two says.

Meeting opposition Democratic Party demands, the document drops Albania's title as a People's Socialist Republic. It codifies wide-ranging rights for Albanians while dropping all references to Marxism and a preface in the 1976 constitution extolling the ruling Party of Labour.

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Leading companies in 'green' pledge

By John Hunt, Environment Correspondent, in Rotterdam

A "GREEN" charter pledging 200 of the world's leading companies and business organisations to protect the environment was launched by the International Chamber of Commerce in Rotterdam yesterday.

The charter aims to encourage sustainable development, which permits economic growth while protecting the global environment. It was launched by the ICC at a world industry conference on environment management attended by 700 business leaders.

The charter was welcomed by officials of the United Nations Environment Programme (Unep) and the General Agreement on Tariffs and Trade (Gatt) among other international organisations.

But the Dutch branch of Friends of the Earth and the Netherlands Society of Nature and Environment found it disappointing and non-committal.

Companies which have so far signed the charter include Ford, General Motors and Eastman Kodak of the US, General Electric of Canada, ICI and National Westminster Bank of the UK, and Bayer and BASF of Germany. Organisations which have signed include the Confederation of British Industry and the UK Chemical Industries Association.

Mr Joe Connor, president of the ICC, described it as a "moral commitment involving rigorous self-examination".

The charter is voluntary and relies on self-policing by the companies. It pledges them to recognise environmental management as a high corporate priority and to conduct operations in an environmentally-sound manner.

The signatories will assess the environmental impact of any new activity before embarking on it and provide products and services that are safe to use and have no undue environmental impact. They will also conduct regular audits to make sure they are complying with targets.

Apart from Turkey and Taiwan, all the signatories come from western Europe and North America. There was surprise that no Japanese company had signed. But the Keidanren (Japan Federation of Economic Organisations) told the conference it would adopt its own charter at the end of the month, taking the ICC objectives into account.

France's restive state sector senses freedom

Paris allows capital-starved companies to sell minority stakes, writes William Dawkins

SEVERAL French state-controlled companies are rubbing their hands in glee after the government's decision to allow partial privatisations.

The decision relaxes President François Mitterrand's policy of allowing neither nationalisations nor privatisations. His policy has been criticised for curbing state companies' freedom to form foreign partnerships and raise cash from private investors at a time when they have been trying to fund a wave of international takeovers.

The change comes in a decree allowing domestic or foreign private groups to take minority stakes of up to 49.9 per cent in state companies on condition that they provide new capital for the state partner and form an industrial, commercial or financial co-operation accord. State companies have been allowed to form partnerships over the past few years, but these have been mainly opportunistic: to raise cash, rather than form the kind of accord envisaged in the decree.

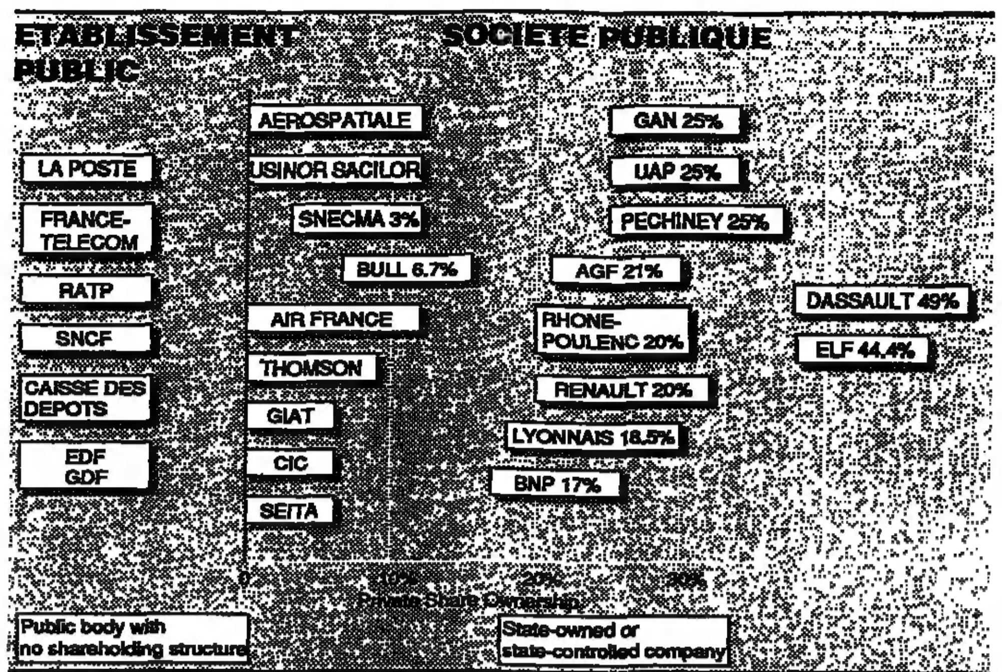
The big exception, which is the model the government has in mind, is the share exchange announced last year between Renault, the car group – some of whose senior officials want to be privatised completely – and Volvo of Sweden.

A tangle of special rules and historical oddities means it is unclear exactly how the reform will apply to the two dozen businesses that make up French state industry. Yet all of them take the move as an important general signal that they are free to seek private partners – and they are adjusting their sights accordingly.

Broadly, the French state sector embraces public transport, telecommunications and energy utilities, plus the leading companies in aerospace and air transport, electronics, arms, banking, insurance, oil and gas, chemicals, tobacco and cars.

The first likely to benefit from the move are Crédit Lyonnais and Banque Nationale de Paris (BNP) in banking and Bull in computers, because they have already been flirting with foreign partners for some time.

Crédit Lyonnais is in the final stages of negotiating a cross-shareholding with Commerzbank, under which Germany's third-largest bank would take a 5-7 per cent stake in the French partner. Crédit Lyonnais would probably take 10 per cent in Commerzbank in return, formalising two decades of co-operation and giving the French bank a valuable entrée to east Germany.



The imminence of this important deal is believed to have been a factor in the reform, along with strain on the national budget imposed by state industry's hunger for capital. Since the turn of the year alone, the government has had to pump FFr6bn (£500m) into the Bull and Thomson electronics groups and FFr2bn into Air France.

BNP, the largest state-controlled bank, has co-operated closely with Dresdner Bank, Germany's second financial institution, since 1989, when the pair agreed to appoint a director to each others' supervisory boards. A share exchange is "in the air", says a BNP official.

Bull's potential partner is NEC, the Japanese electronics company, which already owns 15 per cent of Bull HN, the troubled computer company's international arm. Another 12.8 per cent is held by Honeywell of the US.

Another candidate, but with no immediate need for a private partner, is Pechiney, the aluminium group, which two years ago attracted the government's disapproval by separately floating its international arm to finance its takeover of American National Can. The Pechiney parent group had already issued 25 per cent of its own capital on the stock market in the form of non-voting shares, the maximum allowed for most state-controlled companies.

Among other interested state groups are:

● Usinor Sacilor, the world's second-largest steelmaker, which says the decree will open the way for it to find financial partners and improve its image in the European Commission's competition directorate.

● Snecma, the jet engine maker, which is in theory controlled by a separate law – which takes precedence over the decree – allowing it to issue only 30 per cent of its capital to private investors. The same restriction applies to Aérospatiale and Air France. Yet General Electric, the US company with which Snecma jointly makes civil aircraft engines, has thought about taking a stake.

● Electricité de France (EdF) the electricity utility, which was slapped down by the government last year when its chairman, Mr Pierre Delaporte, suggested that its capital might be opened to private investors. EdF is a state body, rather than a state company, which means it has no equity capital to open to private partners. Yet EdF officials say privately they would not expect the government to refuse if they came up with a partnership plan with another European power utility.

● GAN, UAP and AGF, the three state insurers, traditionally used as cash cows to subscribe to other state companies' capital increases, which are allowed to issue 25 per cent of their capital in voting shares to the general public under special rules. That system clearly does not change, though UAP the largest, predicts that it might after the next legislative elections in 1993, when President Mitterrand's policy on privatisations and nationalisations is due to run out.

Mr Jean Peyrelevade, UAP's chairman, believes the political conditions would then be right for the new parliament to pass a law allowing all state companies to issue voting shares to individual investors – not just to other companies – up to 49.9 per cent.

Paris has only loosened its grip, but parts of the restive state sector would clearly love to break free completely.

French socialists set to defeat censure threat

By George Graham in Paris

MR MICHEL Rocard, the French prime minister, is set tonight to defeat the eleventh attempt to overturn his government through a parliamentary censure motion.

Mr Rocard does not have an assured parliamentary majority – the Socialist party has only 275 of the 577 seats, with a further 11 regular supporters among the independents.

But he is assured once again of passing the test with the support of the Communist party, which decided yesterday not to join the right-wing opposition in voting for the censure motion.

The motion seeks to condemn the government for allegedly interfering with the judicial system to protect the Socialist party's illicit fund-raising networks.

Yet the censure motion has highlighted how quickly the prime minister's hold over the parliament can be shaken.

Two events have conspired to arouse the right-wing opposition's wrath and give it the chance to seize the political initiative, which it had almost completely lost during the long months of the Gulf crisis.

The first was the decision by the Le Mans high court to remove an investigating magistrate from a case he had been following, which had focused on a company called Urba-Gracco, used in the past by the Socialists as a vehicle for fund-raising.

The judge admits that he had taken considerable liberties with the law to extend his inquiry to Urba-Gracco.

The second was a tussle in parliament in the early hours of Tuesday, when the government succeeded by a single vote in passing a local government reform bill. The opposition claims the vote was won only because the socialists physically seized the electronic voting key of an absent centrist member.

Tempers spilled over the following day, and guards had to be called in to protect Mr Georges Kiejman, the justice minister, from being manhandled by the burly Mr Philippe de Villiers, of the UDF party, and by Mr Pierre Mazeaud of the Gaullist RPR.

The anger is likely to die down when Mr Rocard defeats the censure motion tonight.

US warming to Kurdish haven plan, says UK

By Robert Mauthner in London, Lionel Barber in Washington, and David Marsh in Bonn

BRITAIN made clear yesterday it was pressing ahead with its plan to create a haven for Kurdish refugees in Iraq, in spite of some international reservations about details of the proposal.

British officials played down reports that Washington was cool on the plan, announced at a European Community summit in Luxembourg on Monday, though they did not deny that it raised some tricky issues.

In an effort to overcome doubts voiced in the United Nations Security Council, notably by the Soviet Union and China, Mr John Major, Britain's prime minister, has sent messages explaining his ideas to Soviet President Mikhail Gorbachev, Chinese Premier Li Peng and UN Secretary-General Javier Pérez de Cuéllar.

The aim of the two-stage British plan is to get the Kurdish refugees off the mountains on the Turkish border into a zone in Iraq protected by UN observers and, possibly, troops. In a second phase, the aim would be to allow Kurds to return to their homes in villages and towns.

Mr Douglas Hurd, the British foreign secretary, even suggested last night that the safe zones could be a first step towards autonomy for the Kurdish people, though he stressed that this should not be interpreted as a proposal for an independent Kurdistan.

Japan decided yesterday to send a six-man relief team to help Kurdish refugees in Iran, Stefan Wagstyl writes from Tokyo. The relatively prompt despatch contrasts with delays in Japanese help for refugees who left Iraq for Jordan last year. The Ministry of Foreign Affairs said the cost of the team was Y63.5m (£261,300). In addition Japan would send supplies worth Y41.1m to Kurdish refugees in Turkey.

Concern has been expressed at the UN that the plan would infringe Iraq's sovereignty and set a precedent for interfering in the internal affairs of nations. Iraq has already said that it will oppose the scheme with all the power at its command.

British officials recognise that UN-sanctioned force might have to be used to achieve the ultimate objective of the plan, if Iraq refused to allow it to be implemented, and that that might require another Security Council resolution.

After initial reservations, the US has become more supportive of the British idea and the US mission at the UN has been working actively over the past 24 hours to insert more details into the proposal.

One result is that the word "enclave", with its overtones of hiving off parts of Iraq, has been dropped in favour of the term "safe haven", which has a more strictly humanitarian meaning.

Meanwhile, the main European Community states, which endorsed the British plan in Luxembourg, have not changed their minds. The German government is giving full support to the creation of a protected zone for the Kurds, but wants to rely on political and economic sanctions rather than military means.

The Foreign Ministry in Bonn said the idea made little sense unless the international community could, at the same time, persuade Iraq to stop persecution of the Kurds. That was why Germany was arguing against any easing of sanctions until President Saddam Hussein agreed to such a step.

However, Germany does not want to tamper with the political map of Iraq and does not want the haven to become the first step towards an independent Kurdish state.

France, too, reiterated its support for Mr Major's plan, though President François Mitterrand also insisted that a zone of protection for the Kurds must not end up by permanently depriving Iraq of any part of its sovereignty.

EC oil companies to fight Kuwait fires

By David Gardner in Brussels

EUROPEAN oil companies are planning to join the battle to extinguish the oil-well blazes throughout Kuwait, even though North American fire-fighting companies already in the emirate have threatened to down tools if the authorities bring in other teams.

This evidence of fiddling while Kuwait burns emerged yesterday as the European Commission announced an Ecu16m (£11.05m) package to help cope with what it called the "environmental crimes" by Iraq. The aid follows a meeting here last month with senior environment officials from the Gulf Co-operation Council.

The core of the package is up to Ecu10m in "seed money" to help establish European fire-fighting capacity in Kuwait on a commercial basis. An "advance group" comprising Elf Acquitaine of France, Agip from Italy, and Petrofina from Belgium, meets today, and, according to Mr Carlo Ripa di Meana, EC environment commissioner, should be operating in Kuwait "within a few weeks".

But earlier this month, following visits to Kuwait by specialists from France, Iran and China, US oil fire-fighters warned they would stop work if the Gulf state brought other companies in. Mr Larry Flak, co-ordinator of the three US and one Canadian teams in Kuwait, was quoted by the Knight Ridder agency as saying "we will go on strike if they bring in others, we will down tools ... we will only work with people we know are experienced and who can work to our safety standards."

The three US companies are Red Adair, Wild Well Control and Boots and Coots, along with Safety Boss of Canada. They are understood to be the only companies with which Kuwait has signed contracts so far.

They have started work only in one oil field, Burgan, south of Kuwait City. There are around 530 wells burning off 6m barrels a day, which on current estimates could take between two-and-a-half years and six years to put out, Mr Ripa di Meana said. He added that the Kuwaitis had said there were "numbers of wells which could be tackled but haven't been so far".

There was clearly a role for European oil companies, with experience in the Sahara, North Sea and China, Mr Ripa di Meana said.

Iran also has the experience of capping wells set ablaze during the eight-year Iran-Iraq war.

This was "a matter of international anguish and urgency" with fall-out from the fires likely to arc from the Balkans to the Himalayas.

The EC, as the Middle East's neighbour, was obliged to act, in its own and the international interest, Mr Ripa di Meana said.

The Commission package includes smaller sums to help clear the oil slick affecting 400km of Gulf coastline. EC experts will completely clear a stretch between Kuwait and Bahrain to set up a "model marine sanctuary" for the Gulf states to copy.

A team from the Commission environment directorate is to monitor the health and ecosystem implications of the catastrophe.

Kurdish women demonstrate outside the US embassy in Kuwait

Ruined Basra faces its own harsh struggle

By Lamis Andoni in Basra, southern Iraq

WHILE world attention focuses on the north of Iraq, the south is facing its own harsh struggle, its cities in ruin and its people reduced to primitive existence. Basra, Iraq's only port, was a prime target of the allied bombardment, and then a centre of the failed rebellion against President Saddam Hussein's regime.

This week, although no rebels remained in direct evidence, a curfew was still imposed at sunset, with sporadic gunfire heard throughout the night. Armoured vehicles guarded main junctions inside and outside the city. Checkpoints and roadblocks were manned by the regular army and Republican Guard.

As a strategic entrance to the country, Basra has always borne the brunt of suffering in Iraqi contemporary history. In the eight-year war with Iran, Tehran persistently tried to take over the port, which was systematically shelled, especially in 1987.

Electricity and water are in short supply. Residents depend on the contaminated water of the city's canal. Severe cases of dehydration and gastro-intestinal diseases are widespread. Doctors suspect cholera. But lack of facilities prevent proper clinical analysis. More and more children are dying, and many more lie helpless in poorly-equipped hospitals.

Early each day, women and children push wooden carts to the Shatt-al-Arab waterway, to collect water. At night, with the city in almost complete darkness, people use paraffin lamps, and wood and paraffin for cooking.

The market is still full of imported goods, including mineral water and perfumes, but most people can barely find enough to eat. "We are eating the minimum. I can never get enough milk, rice and flour. My children are starving," said a man trying his luck fishing near the destroyed Sinbad wooden bridge.

Residents and soldiers spoke of the revolt which began less than 12 hours after the Iraqi army started withdrawing from Kuwait. A common claim was that the insurgents came from the east, in other words, were Iranian-backed. Mr Mohammed Khodeir, a truck driver, said: "Most were in civilian clothes. Some wore black trousers and shirts and green headbands" – colours of the pro-Iranian al-Dawa party.

The rebels attacked the retreating army, took its equipment and proceeded towards the centre of Basra. According to a dock worker, "there was heavy fighting but the insurgents prevailed and took over the city".

Resistance by the battered army continued across the city but the insurgents won support from Iraqi al-Dawa supporters, army deserters and disgruntled residents. The rebels killed officials of the ruling Ba'ath party. "They used swords and big knives to execute officials," said one woman. They promised that the Baghdad government was at an end, and that they would set up a Shia Moslem regime.

Inside one mosque, ammunition could still be found this week. Outside were 20 unmarked graves. Nearby residents said the graves were those of rebels, and civilians killed in cross-fire. No numbers of casualties were available, but residents, officials and doctors said the toll was heavy on both sides. One doctor from the al-Tahrir hospital said hundreds had been killed.

In the unrest, government buildings and stores were burned and looted. As a result, residents complain they no longer receive government-subsidised staple foods. On the 12-hour drive from Basra to Baghdad, signs of destruction were evident in most towns: burned vehicles, dead horses, donkeys and cows lay along the highway – but nothing was as bad as Basra.

Officials know the government must act soon to stop epidemics killing thousands. They fear Iranian or international intervention could slice the south off from the rest of the country.

Kuwait keen on City package

By Mark Nicholson in Kuwait City

THE KUWAIT government has responded "very positively" to a City of London proposal to establish a commission to assess and quantify the country's damage claims against Iraq, Lord Limerick, chairman of the recently-formed City Kuwait Group said yesterday.

Lord Limerick, who also chairs the British Invisibles Group, said he expected to hear "very soon" whether Kuwait will buy what amounts to a package of City of London expertise to consolidate every damage claim resulting from the war, from individuals, businesses and the Kuwait government itself.

He said that the City Kuwait Group, set up earlier this month by representatives from the whole range of City institutions, was offering to create a commission of insurance loss adjusters, accountants and lawyers to assess the claims "and place the whole thing on a professional footing".

The claims would then be made against the compensation fund to be set up under the terms of UN Resolution 687, passed on April 2, to which Iraq would contribute with part of its oil and export revenues.

The City Kuwait Group, which is spearheaded by Ernst & Young, the accountants, and law firms Clifford Chance and Stephenson Hayward, is first proposing to conduct a four-week study to assess what are likely to be thousands of claims. "There is hardly anyone in Kuwait who will not have a claim of some sort," said Lord Limerick.

Although Lord Limerick would not discuss the size of the contract to set up such a commission for damages, it is believed to be worth at least £200m.

The response to the City proposal capped what Mr Peter Lilley, the trade and industry minister, described as a "successful" 60-hour flag-waving tour of Kuwait with senior British businessmen.

Israel to step up settlements

By Hugh Carnegy in Jerusalem

MR Ariel Sharon, Israel's hardline housing minister, said yesterday he would press on with plans to expand Jewish settlement in the occupied territories despite objections voiced by Mr James Baker, the US secretary of state, during a visit to Jerusalem this week.

Mr Baker repeated Washington's longstanding view that settlements posed a threat to US efforts to promote Middle East peace. He cited plans by Mr Sharon to step up the rate of settlement by building 13,000 new Jewish homes in the West Bank by 1993.

Mr Yitzhak Shamir, the prime minister, was said to have assured Mr Baker these plans could not be implemented without cabinet approval. But Mr Sharon denied this yesterday: "What must be understood is there is no waiting here for any kind of decision. This is an ongoing activity, going on for years."

The settlements issue is of acute sensitivity to Mr Baker's peace efforts. Palestinians regard them as proof that Israel has no intention of giving up the occupied territories, whatever peace talks take place.

Mr Shamir's government is pledged to their development as official policy. Washington has acquired extra leverage over the issue by tying much needed economic assistance to help Israel absorb a huge influx of Soviet Jewish immigrants to promises that none of them will be directed to settlements and to more disclosure of general settlement plans.

There is no sign, however, that the government is ready to yield to US pressure. It has given assurances on the settlement of Soviet Jews. But leaked Housing Ministry plans clearly show provision for immigrants in the West Bank where the assembly of prefabricated housing has become increasingly visible.

In their meeting on Tuesday with Mr Baker, Palestinian leaders said they had evidence that 70,000 dunams (about 18,000 acres) of Arab land had been confiscated in the occupied territories for settlements since he last visited last month. Yesterday, the newspaper Ha'aretz reported that an olive grove in annexed Arab East Jerusalem previously designated common ground had been given over by Mr Sharon to a right-wing Jewish religious institution.

According to a recent US State Department report, 225,000 Jews now live in the four areas captured by Israel in the 1967 Six Day War – East Jerusalem, the West Bank, the Gaza Strip and the Golan Heights.

Askari: guards commander

US 'blocking hostage deal'

IRAN wants to release its western hostages but the US is not co-operating, the commander of Iran's Revolutionary Guards in Lebanon said in an interview published yesterday, AP reports from Beirut.

The interview with the leftist Beirut newspaper As-Safir marked the first time a commander of the estimated 3,000 Revolutionary Guards in Lebanon has spoken to the press since the contingent arrived in the Bekaa Valley in 1982.

Mr Hadi Reza Askari, who said he took command of the guards in Lebanon two years ago, also allowed his photograph to be taken.

As-Safir said Mr Askari was asked when he expects the six Americans and seven other westerners missing in Lebanon to be freed. The commander answered that Iran wants to see the westerners released as well as Palestinian and Lebanese prisoners held by Israel.

"But the United States refuses to enter into this issue through a humanitarian window. It wants only to manipulate political interests on this issue," Mr Askari said.

As-Safir said the interview was conducted at Mr Askari's headquarters in the Sheik Abdullah barracks in the ancient town of Baalbek.

Egypt's IMF deal seen as 'make or break'

Observers stand by for re-run of an old movie or genuine reform, writes Tony Walker

WHEN Egypt and the International Monetary Fund reached agreement on a new package of economic reforms this week it seemed to many like the re-run of an old movie.

But according to Egyptian officials it marks an important new phase in Egypt's attempts to reform its highly-centralised economy, burdened by an unmanageable external debt and loss-making public sector.

The question is whether the economic accord marks the beginning of a genuine effort to liberalise or whether it is simply another stop-gap measure designed to hold international creditors at bay while attracting additional aid.

Egypt's record in honouring commitments to international institutions, and in particular to the IMF, is indifferent, to say the least. The last IMF agreement, concluded in mid-1987, collapsed before the end of the year, following a familiar pattern.

Egyptian officials, representatives of the Fund and western economists in Cairo claim that the signs on this occasion are more promising. Egypt, they say, has already begun implementing measures demanded by international institutions, such as liberalisation of exchange and interest rates and the introduction of further price rises.

For the first time in years there is a strong push, they claim, from inside the Egyptian administration for reform and also recognition that this latest phase represents the best opportunity in more than a decade to put Egypt's economic house in order.

Egypt's leadership role in the Gulf crisis earned for it substantial windfall benefits. Some $15bn of debt was forgiven by the US and by Gulf creditors. Egypt also received grants, according to the latest Bank of International Settlements (BIS) figures, of more than $2bn before the end of 1990. Most of this came from Saudi Arabia, Kuwait and the United Arab Emirates.

Set against these gains were losses, estimated at some U$2bn in tourism revenues, remittances from workers previously employed in Iraq and Kuwait and earnings from the Suez Canal. But on balance, and taking into account the goodwill Cairo gained in the west for its stand against Saddam Hussein, Egypt has emerged a net winner from the Gulf crisis.

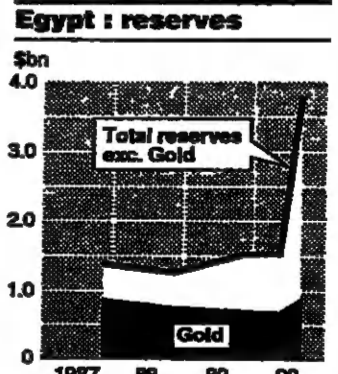
Its reserves position has improved dramatically, Gulf investors are taking a "second look" at opportunities in Egypt, and further substantial debt forgiveness by western creditors is likely.

International institutions such as the World Bank, with its $400m "social fund" to help Egypt through a potentially trying reform phase involving price rises and job losses, are weighing in with more creative forms of assistance.

In spite of Egypt's good fortune and signs that it may at last be tackling some of its outstanding structural economic problems, there are fears among Egyptian economists that the latest reform effort, lacking conviction, will not be sustained, thus wasting yet another opportunity.

Dr Said el Naggar, professor emeritus at Cairo University and former executive director of the World Bank, describes the present phase as "make or break" for Egypt. "How Egypt deals with its public sector will determine the performance of the Egyptian economy for years to come," he says.

Egypt : reserves



Source: IMF, BIS Statistics

Such is the dominance of the unwieldly public sector that after more than a decade of piecemeal reforms aimed at whittling it down, it still accounts for 70 per cent of gross fixed investment, 80 per cent of foreign trade, and 90 per cent of banking and insurance.

Dr el-Naggar is sceptical of government plans to re-organise state-run industries into holding companies responsible for setting their own prices and hiring and firing. "This kind of idea has been tried in many countries and has failed," he said. "Why should it work in Egypt?"

Government plans for limited liberalisation of the public sector coincides with a stuttering debate about privatisation. In spite of a great deal of talk there has been little action, to the intense disappointment of international institutions and liberal Egyptian economists alike.

Likewise, political liberalisation in Egypt is also faltering. Recent parliamentary elections were boycotted by most opposition groups. A state of emergency is still in force 10 years after the assassination of President Anwar Sadat.

Dr el Naggar believes that economic reform will be difficult to achieve without genuine political reform. "We replaced the king in 1952 with something infinitely more powerful and autocratic," he declared. "There needs to be a separation of powers. There is a need for the legislature to oversee the executive, and perhaps most important economic reform has to be run by people who believe in reform."

Bankers fear claims by Iraq

EUROPEAN bankers have called for regulatory authorities in the 12 European Community member states to implement a licensing procedure in order to avoid financial claims on EC banks by Iraq, Reuter reports from Brussels.

The European Banking Federation has told the Commission that unless such a procedure was adopted, Iraq could force EC banks to meet obligations frozen by the economic sanctions against Baghdad.

"The end of the embargo (against Iraq) could result in Iraq making a large number of claims under the guarantees given by EC banks," it said.

The federation said that before Iraq invaded Kuwait last August EC companies were involved in billions of Ecus worth of construction, delivery and service contracts in Iraq.

The companies gave Iraq performance guarantees which were affected by the United Nations embargo against Baghdad. It said that if the UN embargo was lifted there could be massive claims.

Banks would have no choice but to meet these because Iraq could try to offset them against any claims the bank held on it.

While a peace treaty might eventually settle this, the federation said it proposed a procedure under which licences would be granted only when the claim by Iraq was deemed fair. "The Federation has proposed that meanwhile the European Community establish a cooling-off period in which all payments to Iraq under guarantee given by EC banks should be subject to a licensing procedure implemented by the authorities of each member state.

"Licences would only be granted where a call under the guarantee was deemed to be fair and such a period would give the Iraqi and EC parties the opportunity to negotiate fair and equitable solutions in each case," it said.

A licensing procedure would need to be in place before EC regulations implementing the embargo are lifted, the federation added.

The federation lobbies on behalf of EC banks in Brussels.

Iraq's new cabinet plans reconstruction priorities

IRAQ's new cabinet at its first session yesterday discussed the political situation, reconstruction after the Gulf war and recent "riots", Reuter reports from Nicosia.

Baghdad Radio quoted Information Minister Hamid Youssef Hammoudi as saying it approved outline plans to rebuild damage caused by the US-led allies and what he called internal rioting in southern and northern Iraq.

The cabinet was chaired by Mr Saadoun Hammadi, appointed prime minister last month in a reshuffle by President Saddam Hussein. He is the first prime minister to head the cabinet since the Ba'ath party came to power in 1968.

Mr Hammoudi said the cabinet formed a committee due to meet on Saturday to set priorities for reconstruction.

Iraq has said it plans to introduce multi-party democracy.

Baghdad Radio said the legislative council of the autonomous region of Kurdistan would hold its first meeting in Irbil, northern Iraq, since the Gulf war began on January 17.

The government says it granted its Kurdish population autonomy in 1974.

The Iraqi News Agency said that more than 13,000 people from the Sulaimaniya area had returned home after being forced to go to the border with Iran by "terrorists". It said local authorities offered them help and transport home.

Iraq maintains that the revolts were fomented and the refugee exodus fostered by agents of the allies. It has accused Iran of sending troops to stir up trouble in the south.

It said it was satisfied with the UN decision to send a fact-finding mission to the Kurdish north at Baghdad's request.

China devalues

China has devalued the yuan by 0.95 per cent from 5.2090 to 5.2589 the dollar, Reuter reports from Peking.

China last devalued the yuan by 9.57 per cent in November 1990. In December 1989 it devalued by 21.2 per cent.

Foreign bankers in Peking said there were rumours another devaluation was imminent, with many expecting a change of 10 per cent.

Correction
Matrix Churchill

It was wrongly stated in the Financial Times of April 2 that Matrix Churchill Corporation Inc of the US is a subsidiary of Matrix Churchill Ltd, the Coventry machine tool manufacturer. Matrix Churchill Corporation is in fact a subsidiary of TMG Engineering, part of an Iraqi-owned group which used to own the UK Matrix Churchill but which sold the company to Automotive Investments in February.

Pakistan proposes to bring in Islamic laws

By Farhan Bokhari in Islamabad

PAKISTAN's government yesterday unveiled proposals to introduce Islamic laws to the country's legal system.

Prime Minister Mr Nawaz Sharif unveiled two parliamentary bills in a rarely summoned joint session of the parliament in Islamabad. The bills introduce Islamic laws and make the Holy Koran supreme in affairs of the state.

Mr Sharif said the new measures would finally fulfil the objective of an Islamic state, as sought by Moslems of a united India under the British Raj, who had struggled to create an independent Islamic state.

Mr Sharif said introducing Sharia law would fulfil one of his Islamic Democratic Alliance's promises in a general election campaign last October in which he defeated former Prime Minister Benazir Bhutto's Pakistan People's Party.

"I am not a fundamentalist who will not follow the requirements of modern times," Mr Sharif said. "We will have to open our doors to change." He also announced measures to rid Pakistan from corruption in the bureaucracy and the police force, as well as initiatives to control the flow of weapons.

The government has been accused of failing to curb lawlessness, often attributed to easy access to illegal arms.

Mr Sharif's speech was seen as an attempt to pacify the powerful religious establishment which has criticised the government for not moving fast enough to introduce Islamic laws. In the past, proposals for Islamic laws have been opposed by groups of women and minorities.

AMERICAN NEWS

Energy price rise 'vital to tackle global warming'

By David Thomas, Resources Editor

US energy prices should rise and cars become more efficient in order to combat global warming, according to a report to the US Congress published yesterday.

The two-year study, written by leading scientists and economists under the umbrella of the National Academy of Sciences, is one of the most thorough ever prepared in the US on global warming.

The report's authors believe it will put pressure on the US administration to modify its hitherto lukewarm support for action to tackle global warming. The US is the world's biggest emitter of carbon dioxide, the main greenhouse gas.

Senator Daniel Evans, who chaired the study group, said yesterday in Washington that the report's recommendations offered an "insurance policy for our planet."

Brushing aside the scepticism expressed by some US scientists about the greenhouse effect, the report suggests that doubling carbon dioxide in the atmosphere will increase average global temperatures by 1-5 degrees centigrade.

The study's most controversial proposal is for US energy prices to be gradually raised to reflect their contribution to global warming, a suggestion which would have severe implications for the coal and oil industries.

"Including all social, environmental, and other costs in energy prices would provide consumers and producers with the appropriate information to decide about fuel mix, new investments, and research and development," the report says.

It also calls for a range of measures to conserve energy, including improving the fuel efficiency of US cars to an average of 32 miles to the gallon.

The report makes a strong plea for the US to play a more constructive role in the current round of diplomatic negotiations which are designed to culminate in the signing of a global warming convention next year.

It also calls on the US to resume full participation in international programmes to slow population growth, a contributory factor to global warming. The Reagan administration severely curtailed the US role in this area.

Sir Crispin Tickell, former UK ambassador to the UN and the only Briton on the study group, yesterday described the report's proposals on energy prices as "dynamite".

He said that its recommendations on energy pricing were equally relevant to the UK and other industrialised countries.

Policy Implications of Greenhouse Warming. National Academy Press, Washington D.C.

Los Angeles police chief Daryl Gates (left) links arms with city council president John Ferraro (centre) and Mayor Tom Bradley after being allowed to return to his job following a a probe into a controversial televised police beating of a black man.

Ford to build electric fleet based on its Escort van

By John Griffiths

FORD is to build a demonstration fleet of electric vehicles next year as a precursor to large-scale production "in the second half of the 1990s".

The vehicles will be based on Ford's European Escort van and will be run by commercial and public operators in both the US and Europe, Dr John McTague, vice-president, technical affairs, said in Dearborn.

The Ford announcement is the latest of several electric vehicle and battery programmes announced in the US in the past few months, as makers start trying to comply with Californian law requiring tens of thousands of electric cars on the state's roads by the end of the decade.

The 70-100 Ford vehicles, which will use advanced sodium-sulphur batteries, will have a target range of 100 miles, acceleration from standstill to 50mph in 14 seconds, and a target recharging time of six hours.

Some will be "hybrid" versions, with a small on-board internal combustion engine to recharge batteries and extend range up to 250 miles. Dr McTague refused to reveal how many electric vehicles Ford expects to build when it enters commercial production. Ford stressed the Escort was chosen purely as a platform for trials of batteries and drive systems.

Charge of the electric brigade, Page 23

Rain muddies the real problems in California

Martin Dickson on the woes beyond the drought

THE parched coastal mountains which roll gently down to the shoreline of central California have turned an unusual colour – a vivid, spring green. The Carmel river, dry for the past four years, is flowing to the Pacific. And in seaside communities from Santa Barbara to Monterey – the area worst hit by California's five-year drought – people are taking showers with a much diminished sense of guilt.

However, the rains have merely alleviated, not cured, one of a cluster of economic problems which together have produced a severe squeeze on the state's finances, making it harder to solve the pressing structural problems which could retard growth during the coming decade.

Slow growth is not readily associated with California. After all, for the past half century it has been the most dynamic part of the US economy, blessed with unusually rich natural resources, fast-growing industries at the forefront of technology, entrepreneurial attitudes and a benign climate.

Its growth rate in the 1980s was particularly remarkable: it created more than 2.6m jobs, about one in six of the US total, and, helped by a flood of new immigrants, its population rose by 6m to 30m – accounting for 25 per cent of the total population growth of the US.

However, job growth is thought to have fallen to zero, if it is not negative, and the unemployment rate has risen well above the national average, to 7.4 per cent.

While the speed of the decline has surprised and worried some economists, optimists believe the state will weather the slowdown better than the US as a whole: the San Francisco-based Bank of America estimates that the state economy grew 2.9 per cent last year, compared with 0.9 per cent for the US, and that this year California will still show growth of 0.4 per cent, against zero for the nation.

Many of the reasons for the local slump are shared with the rest of the country, including strains in the financial sector, a sharp downturn in consumer confidence and uncertainty created by the Gulf war.

However, California has some specific short-term problems of its own which more pessimistic economists fear could might mean a relatively slow recovery.

- The defence industry, concentrated in southern California, has been hit hard by cuts in the Pentagon budget. Thousands of jobs have already been lost, and thousands more will go as defence spending shrinks through the 1990s. However, the diversification of the state economy means that defence now accounts for only about 8 per cent of jobs.

It is a sign of the times that the state of Oklahoma has cheekily set up a business development office in crowded Orange County, near Los Angeles

- The Los Angeles area, in common with much of the US Eastern seaboard, is suffering from a glut of office space, which may not be cleared for five years or more. "On a net basis to the landlord, rents in downtown LA are down 50 per cent in two years," says Mr David Shulman of Salomon Brothers. "Capital values are down, but no-one knows to where, because there are no bids."

However, the domestic market looks much brighter: while some housing developers have had to slash prices, home values have dropped by only 5 to 6 per cent over the past year and there are tentative signs of a bottoming-out.

- Frosts which destroyed much of the California citrus crop last December have meant losses to growers estimated at up to $500m and great hardship in several counties.

Drought has forced farmers to cut plantings of certain crops, although many have been able to increase their pumping of ground water, or have switched to less water-intensive crops. Moreover, any decline in output has been partly offset by rising prices and estimates of drought-related losses now range from $600m to $1bn, lower than at first thought. That compares to an industry output worth $18bn annually.

There are also fears that the rains might make the state defer hard decisions needed over how it allocates water – an intensely political issue that pits north against south and agricultural interests against urban ones.

- In common with most other states, California faces a budget crisis, and this has grown increasingly severe in the past two months as revenues have slumped. Mr Pete Wilson, the new Republican Governor, estimates that there will be a deficit of $13bn over the next 15 months, nearly 25 per cent of the total budget.

Mr Wilson and the Democrat-controlled legislature are locked in conflict over how to bridge the gap, with the Governor vowing to block income tax increases and insisting that the problem is structural, demanding big changes in the allocation of funds.

Whichever view prevails, the state will certainly face spending cuts which could both retard the short-term recovery and make it more difficult for California to solve some of its most serious socio-economic problems. The most difficult of these is the state of its elementary and secondary schools, where standards have fallen sharply, in part due to the influx of large numbers of poorly-educated Mexican immigrants.

Indeed, education problems, together with transport congestion, air pollution problems, high wage costs and house prices, may be making the state a less attractive home for certain types of business.

It is a sign of the times that the state of Oklahoma has cheekily set up a business development office in crowded Orange County, near Los Angeles.

Capital spending in US projected to grow 3.2%

By Michael Prowse in Washington

US companies are likely to increase capital spending this year in spite of the recession, the Commerce Department reported yesterday.

The latest survey of investment intentions shows planned spending on plant and equipment rising 3.2 per cent, after allowing for inflation. This compares with an increase of 4.5 per cent last year. The survey was carried out between January and March.

The report should help allay fears that weak consumer demand will cause a slump in business investment. The latest projection compares favourably with a survey last autumn which projected a real increase in investment of only 0.4 per cent this year.

The apparent improvement partly reflects more optimistic inflation assumptions. The autumn survey assumed 2 per cent of the rise would reflect price increases; the latest survey assumes that prices of capital equipment will rise by only 0.7 per cent.

US and Hanoi make progress

By Lionel Barber in Washington

SIGNALS from Washington and Hanoi suggest that the one-time enemies are moving closer to ending a 16-year diplomatic stand-off.

Mr Richard Solomon, assistant secretary and state, and Trinh Xuan Lang, Vietnam's United Nations ambassador, met in New York this week, the first high-level meeting between the two countries for six months.

The US conditions for a resumption in ties are Hanoi's co-operation in negotiating a settlement in Cambodia and continuing help in accounting for US soldiers missing in action. In Laos, Mr Charles Salmon, the acting US ambassador there, held similar talks.

Mr Solomon suggested in his talks that the Cambodian problem should be dealt with in four phases, starting with the signing of an international agreement on Cambodia and the convening of formal talks between Washington and Hanoi on normalising ties. Travel restrictions would be lifted on US business and veterans' groups.

The next phase would start with a ceasefire in the civil war and a transitional UN presence in Cambodia, coupled with a partial lifting of the US trade embargo.

The third phase would begin after at the UN presence in Cambodia has lasted at least six months, and all Vietnamese troops and advisers have withdrawn, coupled with full US-Vietnamese ties and some easing of US opposition to lending by the World Bank and other international bodies.

In the final phase, UN-supervised elections would take place, coupled with full US diplomatic and economic ties with Hanoi and Pnomh Penh and support for international lending to help reconstruction.

WORLD TRADE NEWS

US and Canada begin talks on air traffic pact

By Bernard Simon in Toronto

THE US and Canada begin talks today on a new bilateral air traffic pact which could give Canada's two main airlines greater access to the US market, but expose them to stronger competition from US carriers.

Mr Doug Lewis, Canada's transport minister, said before meeting Mr Samuel Skinner, US transport secretary, that besides seeking a bigger slice of the US market, Canadian airlines wanted guaranteed access to airport gates, landing slots and reservation systems. "An agreement that gets us access without the ability effectively to use it is not what we're looking for," Mr Lewis told a Financial Post conference in Toronto.

Air Canada and Canadian Airlines International are concerned that while only 40 per cent of cross-border traffic originates south of the border, US carriers control 60 per cent of the business. The Canadian airlines estimate their revenues are C$500m (£243m) a year less than the US carriers.

A key reason is that the Canadian carriers are barred from US domestic routes. Air Canada claims to carry 85 per cent of travellers flying only between Toronto and Chicago, but garners only a small fraction of the many changing aircraft in Chicago for another US destination. The US airlines' aim in the talks will be to connect more Canadian airports to their hub-and-spoke systems centred on cities such as Chicago, Atlanta, Denver and New York.

Air Canada and Canadian are split in attitudes towards "cabotage" – the right for each country's airlines to serve routes within the other's borders. Canadian is concerned about the effect of letting US carriers fly the few lucrative routes within Canada. It says it has yet to identify any pair of US cities it could serve profitably.

Both Canadian airlines say any liberalisation should be phased in over a long time, and include safeguards.

The chief executives of both airlines have warned that far-reaching changes in work practices and government policies are needed to improve the carriers' competitiveness. Mr Claude Taylor, Air Canada chairman, said: "The industry's problems are not merely cyclical due to the recession or rocketing fuel prices. The most important issue will be the building of a strong partnership between industry, government and labour."

Final attempt to hammer out fresh export credit rules

LEADING industrial nations are to make a final attempt over the next week to hammer out a new package of rules designed to limit routine interest rate subsidies on export credits and curb the still-growing fashion for sweetening such loans with development aid, Peter Montagnon reports.

The meeting of senior officials at the Organisation for Economic Co-operation and Development (OECD), which starts today and runs to the middle of next week, is the culmination of two years of contentious negotiation, dogged by disagreements over whether US commodity export credits should be included in the newly-tightened rules.

It marks the OECD's last chance to draft an agreement before the deadline of its ministerial meeting in June. Participants say a general desire exists to try to strike a deal which would stop rich countries using aid to buy export market share in the developing world.

But it is touch and go whether the EC and the US will be able to finesse their wide differences; any accord is likely to be less ambitious than hoped when the talks were launched in 1989. Now under consideration is a package that would:

- eliminate routine interest rate subsidies on export credits to middle-income developing countries such as Malaysia and Chile, scaling them back sharply or even scrapping them on credits to the poorest countries such as Bangladesh. This would profoundly change the official export credit market, as it is in these markets that most medium-term business is done.
- impose new disciplines on so-called mixed credits, possibly by strengthened procedures for notification, consultation and veto. Despite high early hopes for this part of the package, the OECD is unlikely to devise any hard and fast mathematical formula for restraining such credits.
- The talks grew out of disappointment, especially in the US, with an earlier deal reached in 1987 which tried to curb mixed credits by imposing a high minimum grant requirement that made them too expensive for governments with limited aid budgets.

But the deal simply led to the diversion of existing aid budgets away from alleviation of poverty and towards projects designed to bring commercial advantage to the host country.

Offers of such credits proliferated after 1987, and officials say the trend has continued, especially among European countries such as Spain, Italy, France and the UK.

The talks ran into trouble after European governments balked at a US suggestion that mixed credits be outlawed in particular markets such as Indonesia, where they are an established part of most exporters' armoury, and in certain sectors such as telecommunications.

The EC replied with a demand for curbs on the US commodity credits, but Washington has consistently refused to countenance this while broader discussions on farm supports are continuing in the Uruguay Round of the Gatt.

The outcome of the latest meeting talks hinges on whether the US and Europe can finesse their differences on these issues and still come out with a package that is strong enough to satisfy US Congressional indignation over European business practices.

Participants say the mixed-credit issue remains more contentious than the other part of the deal, which concerns routine interest subsidies.

But there are also some serious disagreements over the technical question of how to calculate effective market rates for export credits denominated in US dollars and Swiss francs.

German shipyard adrift as Comecon weighs anchor

Hard currency trade brings hard times to yards in the east, writes **Leslie Colitt**, recently in Rostock

MR WALTER Behlich, director of Warnowwerft, east Germany's largest shipyard, is caught in the middle of a running dispute between the Soviet Foreign Trade Bank and the Soviet merchant fleet.

Fifty per cent of Warnow ships – and even more from other east German shipyards – were traditionally sold to the Soviet Union. But with the shift this year to hard currency payments by the former Soviet-led trading bloc Comecon, Moscow is using the dollars and D-Marks it earns to buy western products and to repay its debts. At the same time the former East Germany, whose freighters and factory fishing vessels remain priority goods for the Soviet economy, has become part of the Federal Republic of Germany.

The Soviet buyers of Warnow ships protest that they cannot afford to finance the vessels at the Foreign Trade Bank's "unrealistic" exchange rate of DM6 (£2) to the rouble.

Without a settlement, the bank cannot be given a guarantee of payment. While the conflict rages, one completed 18,000 dwt ship has been moored at Warnow for weeks, eating up insurance and maintenance costs, while two others are nearing completion.

The future of Warnow shipyard and that of east German shipbuilding is dependent on economic reforms and political stability in the Soviet Union, Mr Behlich stressed.

Warnow shipyard was erected after the Second World War to provide war reparations for the Soviet Union and then to satisfy Moscow's insatiable appetite for freighters and large factory fishing vessels. Costs were never covered and the state made up the loss.

The German government in Bonn, in addition to alloting an undisclosed portion of DM9bn in guaranteed trade credits for the Soviet Union to ships from east Germany, has promised the shipyards DM830m in aid over the next three years. Mr Behlich said this was likely to cover production of the ships for the Soviet Union, enabling Warnow to keep up to half its turnover – expected to be DM320m this year – with Moscow. But the money would not be enough to cover vessels ordered by western lines.

Rostock politicians talk of west German conspiracies to 'wipe out' the threat of competition from east German shipyards

The three remaining ships on order at Warnow are for west German shipowners and are no less a problem. The price, calculated before monetary union last July, does not even cover inputs but Mr Behlich said two of the three buyers had given "encouraging" signs of willingness to pay more.

Mr Jurgen Krackow, the west German who heads Deutsche Maschinen-und Schiffbau-AG (DMS), the successor to the state shipbuilders, is in charge of restructuring the entire industry. He ordered that seven multi-purpose container ships scheduled for delivery to UK shipowners could not be built by the nearby Neptun shipyard in Rostock as they would bring in barely 60 per cent of costs.

Over the next four years the total number of shipbuilding jobs would be halved from 46,000, he said.

As a first step, the antiquated Neptun yard is set to be merged with Warnow before the end of June. Between 4,000 out of 5,000 jobs at Neptun could be lost. Mr Reinhard Straub, director of Neptun since the mid-1980s, avowed that he felt as "married" to the shipyard as he did to his wife. But workers, many of whom are already on "zero" short-time work, said that as a former Communist who bore responsibility for the "mess" they were in, he should be sacked.

Several west German investors, including a bank – one of whose board members is head of the supervisory board of DMS – have shown interest in building on the site of the Neptun yard. This has provoked further accusations by Rostock politicians of collusion between DMS and west German financial and industrial groups which are believed to want to "wipe out" the threat of east German competition for west German shipyards.

Mr Behlich said he fully sympathised with workers who felt the Bonn government had "politically duped" them.

If the shipyards were forced to cancel contracts and introduce even more short-time work, a political "radicalisation" could not be ruled out. Unemployment in Rostock could rise to 40 per cent later this year, city officials warned.

Mr Behlich, who has managed the Warnow shipyard since 1982, is working closely with DMS on the merger with Neptun. He noted that the number of Warnow jobs would be reduced from 4,300 to a "maximum" of 2,380 next year.

Boeing warns Air India to confirm $700m jet order

AIR INDIA has been warned by Boeing that its purchase of four new wide-bodied aircraft could be at risk unless it confirms options with a down-payment, David Housego reports from New Delhi.

Air India has taken out options to buy four Boeing 747-400s at an eventual cost of about $700m (£391m).

It has taken options on four more, under a fleet expansion plan.

The company has asked for a delay in making a down-payment because it is still awaiting approval of the purchase from the government. Though the Public Investment Board, a senior committee of civil servants, approved the deal last month, it still needs cabinet endorsement. Fears of further delays have arisen because of next month's Indian general election and the current foreign-exchange shortage which has led to a drastic curb on imports.

Boeing is said to have warned Air India, which has already received several extensions, that unless the order is confirmed soon, it will lose its place in the US company's delivery schedule.

Six years ago, controversy arose over a proposed purchase by Indian Airlines of 12 Boeing 757s. After paying a deposit on the aircraft, the government of Mr Rajiv Gandhi cancelled the order. This is seen as the reason why Boeing is now seeking firm orders.

Delhi backs forfaiting move

By R.C. Murthy in Bombay

INDIAN companies will soon enter the forfaiting market for industrial exports to Africa and the Far East.

The Reserve Bank of India has approved a proposal made by the Export-Import Bank of India, which will use the instrument to boost Indian capital goods exports.

The entry to forfaiting is part of the package to bolster India's foreign currency reserves and insulate exporters from the current foreign exchange crisis.

Three weeks ago, the reserve bank levied 50-130 per cent cash margins for opening letters of credit by importers to delay foreign-exchange outflow.

The Export-Import Bank has offered to have $100m (£55.8m) available in loan syndications to support imports for export production, with another $60m loan to help export-oriented projects buy capital goods.

Indian exporters won Rs9bn (£259m)-worth of contracts overseas in the year to March, including Rs6.1bn for turnkey work, Rs1.7bn for project exports, and Rs270m consultancy contracts.

Mr Kalyan Banerji, India's Export-Import Bank chairman, says the picture for project exports is not gloomy, and the target is to cross the Rs10bn line this year.

Colombia in trade offer to Ecuador

Colombia's President Cesar Gaviria has pledged to open his country to products from Ecuador, as the start of a new era in relations between the two nations.

After meeting his Ecuadorean counterpart, Mr Rodrigo Borja, Mr Gaviria said: "We hope to eliminate all administrative trade barriers, and that industrialists and businessmen in Ecuador will have free access to the Colombian market".

Venezuela and St Kitts to increase co-operation

VENEZUELA and the Caribbean nation of St Kitts-Nevis have laid the groundwork for an accord that will open the door to increased trade, the St Kitts prime minister, Mr Kennedy Simmonds, said, Reuter reports from Caracas.

Mr Simmonds and the Venezuelan president, Mr Carlos Andrés Pérez, agreed to open talks on a broad economic accord that will cover trade, industry, transport and investment.

According to a communiqué issued by the leaders, Mr Pérez will sign the economic accord in late June when he travels to St Kitts, 250 miles to the north, for the annual meeting of Caribbean Community government leaders. The Caribbean leader has just completed a two-day visit to Caracas.

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Parties clash as local election campaign begins

By Ivo Dawnay, Political Correspondent

BRITAIN'S opposition Labour party claimed yesterday that its "Fair Rates" alternative to the Conservative's poll tax would cut £140 from the average household's bill, provoking a flurry of counter-claims as the three main parties launched their campaigns for next month's local government elections.

The figure was immediately challenged by Mr Michael Heseltine, the environment secretary, who described it as a "£1.5bn flight of fantasy" due to a "colossal mistake" in the opposition's calculations.

At the same time, the Liberal Democrats also weighed into Labour, accusing Mr Bryan Gould, Labour's environment spokesman, of plucking figures from the air.

With the campaign barely begun, it is already clear that the local elections involving more than 12,000 council seats in England and Wales is certain to focus almost exclusively on the single issue of the poll tax and its reform.

But its outcome will extend well beyond local government issues, playing a major determining factor in the date for the coming general election.

At its opening press conference, the Conservative party made clear that its prime target would be high spending Labour councils. Under the slogan "Conservative Councillors Cost You Less", Mr Chris Patten, party chairman, highlighted the charge with a claim that, in Labour controlled councils, Labour councillors spent £201,460 more than their Tory equivalents in Conservative dominated areas.

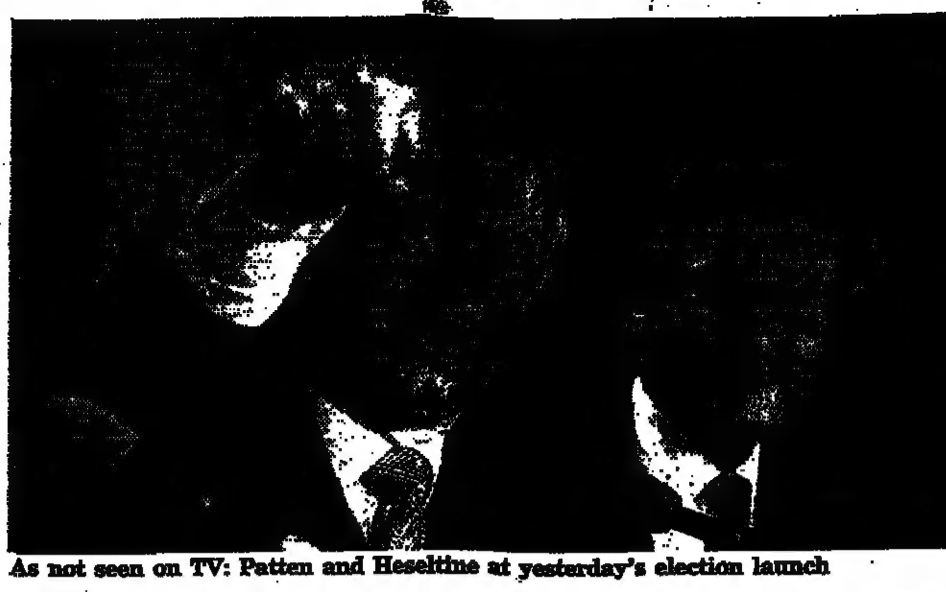
In a fierce counter-attack, Labour put heavy emphasis on the Tories' failure to produce its consultation documents on how a new local tax based on property values and the number of residents in a household might be constituted.

Claiming that the outcome would be the survival of the poll tax in another form, Mr Neil Kinnock, the Labour leader, said: "The government have elevated dithering from a character flaw to a Cabinet strategy."

All three parties were cautious, however, in their assessments of the likely outcome of the three week long election campaign.

Ivo Dawnay reviews Saatchi & Saatchi's latest party political broadcast for the Conservative party

Voters see themselves in gloomy drama



As not seen on TV: Patten and Heseltine at yesterday's election launch

AS soon as the film began to roll, it was clear that this was a professional job by an experienced old firm.

That deep authority in the voice-over, that crisp serriffed Times Roman script spelt only two names - Saatchi & Saatchi are back in town.

The team that gave you the Labour Isn't Working poster way back in 1979 used last night's return to the small screen venue of Tory party political broadcasts to show its cinematic sequel: After A Considerable Period Of Time, They Are Still Not Working And They Spend A Lot Of Your Money.

Opinions differ as to the impact of PPBs (party political broadcasts): as the trade know them. But the current fashion seems to be not to confuse the viewer with too many facts.

Above all, keep those dreary politicians off the screen. Nobody trusts them anyway. What the public wants to see is itself – and preferably gloomy.

Labour's most recent effort was a case in point. Shot in 1960s kitchen-sink drama black and white, it depicted a recession-hit family looking pretty down in the mouth about life. It emerged that it was the Tories' fault.

Saatchi's return to the Tory fold last night also mobilised General Public, now clearly a megastar of Schwarznegger if not Schwarzkopf proportions.

For those that missed it, the key "fact" – undoubtedly set to be torn to shreds by the opposition today – is that Labour councillors' "cost" £201,460 more than their Tory equivalents in terms of local authority spending.

Questioned on this, Conservative officials say that the "fact" is born out when Labour controlled councils are compared to Tory ones (taking into account the effect of the government's Standard Spending Assessments etc, etc).

But this is to quibble with detail. The focus is on the stars who appear in several guises.

There is the nice old "bloke" worried about the 12 men it took to fix his mum's council house windows, the shop assistant disgusted by rubbish, the teacher, the tough businessman in the car coat and, of course, the Asian and West Indian Britons unhappy about globe-trotting councillors.

A typical cross section of modern Britain, in fact, sharing three coincidental facts – they all live under Labour authorities, they are all unhappy and they all look great under Saatchi's cameras.

Mr Shaun Woodward, the Conservatives' new communications chief, assured journalists yesterday that none of the General Publics were actors.

Furthermore, the number of takes needed for shooting were less than he had often needed when editing TV's That's Life – that great English festival of spontaneity.

There's no business like politics. But that said, That's Life, it wasn't.

BRITAIN IN BRIEF

French group scuppers buy-out plan

An unexplained about face by Thomson-CSF, the French state owned electronics group, has scuppered a British management buy out which intended to save about 100 jobs at a former television plant in High Wycombe.

Managers at DMI Manufacturing had organised the buy out to salvage the company from the collapse of its parent CH Industrials which recently went into receivership. DMI rents a factory from Ferguson, the UK television manufacturing subsidiary Thomson acquired in 1987.

According to Grant Thronton, the receivers appointed to administer CH Industrials, the French group went back on an agreement to renegotiate the rental agreement for the factory.

The move could open the final chapter in the chequered history of the plant at High Wycombe, west of London, which used to manufacture Ferguson televisions when its was owned by Thorn-EMI. Thomson announced the closure of Ferguson's Enfield site in 1989 and withdrew from High Wycombe last year with the loss of about 1,050

Baker: seeking more security jobs.

Businesses told to raise security

Businesses should do much more to protect themselves from crime, Mr Kenneth Baker, the home secretary, said.

"Crime costs companies a staggering £10bn a year, but it is the sort of thing that doesn't often appear on their agenda," he said. "Most businesses need to look after their own interests and property much more."

Announcing details of National Crime Prevention Week which begins on Monday, Mr Baker disclosed information from a Home Office survey showing widespread lack of awareness of how much crime takes place in the workplace.

Only 3 per cent of 1,400 people questioned considered that the greatest risk of crime was in the workplace.

Redundancies at Ford plant

About 150 jobs will be lost in a £12.9m scheme by Ford to introduce a single final assembly line for its Fiesta car production at Dagenham, Essex, it has been announced.

Ford said there would be no compulsory redundancies. The job losses would be achieved through natural wastage or by workers switching to other positions in the company.

Work on the single line project – replacing the existing two lines – will start this summer and should be completed in 1993.

Student exams under threat

Student exam papers could go unmarked this summer after university lecturers stepped up their campaign for a 16 per cent pay rise.

An emergency meeting of the Association of University Teachers' national executive decided unanimously to ballot its 31,000 members on industrial action.

Thousands of students will be affected, including those taking final exams, if the proposed boycott goes ahead.

Lewis Group wound up

Lewis's Group, the department store chain, was compulsorily wound up in the High Court. The company had been in receivership since February.

New plans for power station

Plans for the UK's largest waste-burning power station were sent to the Department of Energy by Cory Environmental, the environmental services subsidiary of the Ocean Group.

The £200m station, on the banks of the Thames at Belvedere in the London borough of Bexley, would be able to burn about a third of London's domestic waste. It would be due to start operating in 1995 and have a capacity of over 100 megawatts.

It will burn about 1.5m tonnes of domestic and commercial waste.

Channel tunnel negotiations

Sir Alastair Morton, Eurotunnel's chief executive, claims operational problems, such as customs and immigration, have replaced doubts over the construction of the Channel tunnel between England and France.

Sir Alastair told an American Chamber of Commerce in London that British and French politicians will have to reach agreement over the next year on issues such as safety regulations and use of service vehicles.

The construction of the rail tunnels is, meanwhile, six months ahead of schedule, he added. The two main tunnels, through which trains will run, will break through in May and July.

Credit licences reviewed

Moves to raise standards in the consumer credit business and curb loan sharks have been announced by Mr Edward Leigh, the consumer affairs minister.

Consumer credit licences issued after June 1 this year will run for only five years instead of the present 15 years, forcing consumer credit companies to supply information about themselves to the Office of Fair Trading (OFT) at much shorter intervals.

Mr Leigh said that the change, which will be introduced though an amendment to the 1974 Consumer Credit Act, meant that traders in the consumer credit business will now have their conduct reviewed at shorter intervals.

London may lose tribunals

Central London could lose both its industrial tribunals if government re-location plans go ahead.

Department of Employment plans are well developed to close the South London regional Industrial Tribunal and transfer it from Chelsea to Croydon. Re-location of the North London regional Tribunal, possibly to Watford, are still at the "suggestion stage" although there are no immediate plans for the immediate future, according to tribunal chairmen.

The 11 regional industrial tribunals are independent judicial bodies dealing with industrial relations law and disputes between employees and employers. They also deal with equal pay issues and unfair dismissals.

BAe workers get 12% rise

British Aerospace manual workers at military aircraft plants in the north-west accepted a 12 per cent increase in basic pay as part of a flexibility deal which the company says will increase competitiveness and may save jobs.

The two-year agreement from this month at plants in Warton, Samlesbury and Preston, in north-west England, covering over 6,000 manual workers, provides for flexible working practices, extra training and the abolition of differences in conditions between manual and white-collar workers.

The package could reduce the number of redundancies the company had been expecting to make at the plants.

BBC to impose pay package

The BBC plans to impose a new pay and conditions package on its 22,000 staff and said it would not open negotiations on a counter pay claim by unions.

Mr Michael Checkland, the BBC director general, told staff that it was "totally unrealistic" for the unions to believe the BBC would enter negotiations on a claim he said amounted to over 200 per cent.

The BBC told its main unions it would not open negotiations on their pay claim and said it would introduce a simplified grading system on July 1.

UK NEWS

Priesthood accounts for mystery

David Waller analyses the Accounting Standard Board's review of financial reporting in the UK and its international repercussions

MR ANTHONY SAMPSON, writing in 1962 in the first edition of his book Anatomy of Britain, was the first to observe that the UK's accountancy profession is a kind of priesthood, with its own sacred rites, mysteries and theology.

Nearly 30 years on, the parallels with the priesthood are still strong. Indeed to the layman the debate over accounting standards often resembles some arcane dispute between medieval schoolmen over the sex life of angels.

The language of yesterday's working draft is highly conceptual, referring in theoretical terms to concepts such as "components of comprehensive income" which are unlikely to be understood by the average finance director, let alone ordinary businessmen.

Nevertheless, the effect of the proposals will be practical rather than theological. They will curb the freedom of companies to manipulate their accounts. They will reduce reported profits. They will make the profit and loss account much more useful to creditors, analysts, investors and all others who use reported accounts.

The profit and loss account of every UK company will look different if these proposals are adopted. There will be four columns of figures for the current year, showing turnover, gross profit, expenses, taxation, interest and so forth split between continuing operations, acquisitions and disposals, plus a total.

At present much of this information is available, but only in different parts of the annual report. In the case of acquisitive companies it is often fiendishly difficult to work out what element of profits comes from businesses owned at the beginning of the year, what comes from businesses sold and what comes from companies acquired. Under the new system, the important information will be corralled into one place, making it easier to assess the quality of a company's profits.

There will be a supplementary statement showing movements of reserves. Had Polly Peck had to comply with such a rule, it would have been immediately obvious that losses arising because of the movement of currencies - taken via reserves - far exceeded pre-tax profits for the years 1985-89. This information was only available deep within the notes to Polly Peck's accounts

At the core of yesterday's document is an attempt to clarify the distinction between so-called "extraordinary" and "exceptional" items. Both captions relate to unusual costs or revenues, but the distinction between the two is fuzzy.

If a cost is extraordinary, it goes below the line, and does not have any impact on earnings per share - the main yardstick for institutions within the City of London assessment of a company's performance and often the yardstick by which directors are remunerated via profit-related bonuses.

Although the underlying performance of the company is unaffected by how it accounts for unusual costs or revenues, companies are prepared to go to great lengths to get costs classified as extraordinary.

An almost legendary example is that of the Midland Bank which in July 1987 decided to show provisions of £916m against third world debt as extraordinary. The accounting treatment allowed the bank to report a pre-tax profit of £251m for the first six months of 1987. Otherwise it would have had to report a pre-tax loss of £665m.

Such was the stink that the Midland had to make an embarrassing volte face. By the time it came to report its figures for the full year, the provisions were treated as exceptional items.

Several years later, extraordinary items still abound. According to securities house UBS Phillips & Drew, extraordinary costs as a percentage of profits (in the nearest year to December 1989) for the following companies were as follows: De La Rue, 149 per cent; SmithKline Beecham, 48 per cent; Saatchi & Saatchi, 36 per cent; AB Ports, 34 per cent; Ranks Hovis McDougall, 34 per cent; Storehouse, 23 per cent; Unigate, 11 per cent; Guinness, 8 per cent.

The effect of yesterday's draft rules will be to make it much harder for any cost (or income for that matter) to be taken below the line. It seems that all costs associated with the reorganisation or closure of businesses will have to be taken above the line. This will in most cases reduce reported earnings. To add insult to injury, the draft rules say that earnings per share should be calculated *after* extraordinary items.

Both the 100 Group of top finance directors and the Confederation of British Industry, the UK employers' organisation, have publicly backed calls for a reform of UK financial reporting. But if industrialists are behind Prof David Tweedie, ASB chairman, in principle, are they behind him in fact? Moreover, how do auditors, those who will have to police companies' compliance with any new rules, feel about the proposals?

A cautious welcome for the package came yesterday from Mr Nigel Stapleton, finance director of Reed International and chairman of the technical committee of the 100 Group. He welcomed the details of the reforms but was keen to put the whole package into an international perspective.

He argued that if all this extra information disclosed by UK companies led international investors to come to a better understanding of the quality of UK company profits - and encouraged them to buy UK company shares - so much the better. But he expressed a worry that UK-based multinationals may find themselves giving away much more information than their rivals overseas, and may put themselves at a competitive disadvantage as a result.

On another point, Mr John Roques, managing partner of accountancy firm Touche Ross, said there was a danger that the draft rules could become too prescriptive. It was more important to make sure companies disclosed information than that the information be correctly categorised, he argued. He also said the P&L - at present a simple, if limited summing-up of a company's performance - could become too complicated.

Answering the latter point, Mr Donald Main, finance director of Trusthouse Forte and a member of the Accounting Standards Board, said: "the need to avoid being misleading is more important than the need to be simple.

"We are trying to segregate the information coming out of a company in a much more meaningful way than in the past," he added. "The sort of information that we're going to require is readily available within companies. It's just that companies have never before been obliged to make it public."

The man behind the proposals is Prof David Tweedie, chairman of the ASB and an evangelist for better accounting. Finance directors who are worried about his ideas for the revamping of the P&L account should note that this is but the first stage in a complete overhaul of UK financial reporting. Expect proposals on the balance sheet later this year.

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The debate over accounting standards resembles some arcane dispute between medieval schoolmen over the sex life of angels: but the effect of the proposals will be practical. The profit and loss account of every UK company will look different. In the international context there are worries that UK-based multinational companies may find themselves giving away more than their rivals overseas, and put themselves at a competitive disadvantage.

David Tweedie, ASB chairman, announces the proposed reforms in London yesterday

Water meter plan rejected as too costly

By Richard Evans

COMPREHENSIVE metering of domestic water supplies in England and Wales was rejected yesterday by Thames Water, the biggest water company, and by experts who say it would cost too much and be of little benefit to consumers.

The growing opposition to metering illustrates the difficulties facing the industry as it decides how to replace the present method of charging based on rates, which has to be phased out by the end of the decade.

Metering has been the favoured option within the industry, but a big consultation exercise being undertaken by the Office of Water Services (Ofwat), the industry's economic watchdog, has uncovered very divided views over the introduction of metering.

The Institution of Water and Environmental Management, a professional body made up of engineers and scientists, dismissed the metering option yesterday in its response to the consultation exercise.

The IWEM claimed that the cost of nationwide metering would be £4bn, the equivalent of £200 per household, and that reductions in water consumption were likely to be illusory, or at best small.

Welsh Water, one of the 10 former water authorities privatised 18 months ago, has already decided in favour of a flat-rate charge, and other companies have expressed doubts about metering.

The Ofwat consultation exercise, launched last November, proposed three charging options – metering, a flat-rate charge or licence, and a banding system which would classify households according to type and size. The IWEM favours a simple form of banding with small differentials.

Brooke warns of new cycle of violence as Ulster talks loom

By Our Belfast Correspondent

THE IRA murder of a Democratic Unionist MP's relative may be part of a new cycle of violence aimed at impeding political progress in Northern Ireland, warned Mr Peter Brooke, the Northern Ireland Secretary, yesterday.

Mr Derek Ferguson, a second cousin of the Rev William McCrea, MP for Mid-Ulster, was shot at his mobile home in County Tyrone on Tuesday night. Police are treating the murder as sectarian. It follows a series of killings of Roman Catholics by loyalists in the Mid-Ulster area.

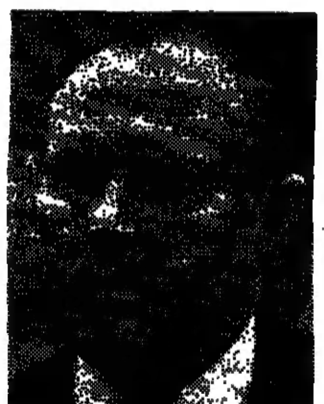
The IRA claimed Mr Ferguson was a Loyalist terrorist engaged in sectarian attacks in County Tyrone, but the RUC and denied the accusation.

The Rev Ian Paisley, leader of the Democratic Unionist party which favours retaining links with London , yesterday called for an urgent review of security policy in the province.

Mr Brooke said that terrorists on both sides of the sectarian divide may try to heighten violence in the run up to his talks with the province's political leaders, which are due to open after a final meeting of the Anglo-Irish conference on April 26.

However, he said: "The test of this process is that it actually stands up against violence." A 10-week gap in Conference meetings is planned during which intensive discussions will be held on arrangements for governing Ulster.

The Unionist objective is to secure a new British-Irish agreement which will replace the Anglo-Irish agreement. However nationalists are determined to ensure that the Irish dimension which is incorporated in the agreement is not diluted by any new arrangements for government.



Brooke: fears upswing in sectarian violence

BUSINESS LAW

United Nations considers how Iraq should pay reparations

By Charles Brower

THE United Nations' Gulf war ceasefire resolution reconfirms that Iraq "is liable under international law for any direct loss, damage" or "injury to foreign governments, nationals and corporations", as a result of its "unlawful invasion and occupation of Kuwait". The resolution creates a fund out of Iraqi oil revenues to provide compensation and a commission to administer it. The Security Council has also directed the secretary-general to answer within 30 days three questions on implementation:

- how much compensation should there be?
- when might it be paid?
- who should decide who will get it?

The answers to these questions will play a large part in determining the future of post-war Iraq.

The importance of the question of how much compensation should be paid is underlined by a quick look at the figures. With the price of Kuwait's reconstruction alone put at perhaps $100bn (£56.4bn) it is clear that Iraq's oil revenues, most recently pegged at between $17bn and $19bn a year, will not be even remotely sufficient to rebuild Iraq and compensate the victims of its recent misadventure.

The $4bn-$8bn in overseas Iraqi assets estimated to have been caught by the UN sanctions are far too small to change this equation. Adding to the strain are Iraq's unpaid pre-war debts, thought to be $80bn or more, which are not covered by the UN action, as well as the necessary funds to restore its oil production and processing facilities to their pre-war level.

Inevitably, the figure of total reparations will have to balance legitimate claims for compensation against what is needed for Iraq to survive and to re-enter the community of nations. Once a fixed sum is set, the fund can draw "reparations royalties" from Iraq's oil revenues at a specified rate until the total is reached. Alternatively, a percentage lien could be clamped on such revenues for a stated number of years, possibly subject to review and potential modification as events dictate.

The US and other coalition members may well prefer the flexibility of the latter approach, and especially the whip hand over Iraqi policies that it would ensure.

The issues involved in determining who will be responsible for deciding claims and approving them for payment are of infinite complexity. The acknowledged success of the Iran-US Claims Tribunal in The Hague has led some to assume that this model can be readily adapted for the processing of claims against Iraq.

However, as a seasoned and enthusiastic veteran of that tribunal, I am convinced that an international tribunal to handle all claims against Iraq arising out of its aggression against Kuwait would be wholly unworkable.

Today, almost 10 years after the Iran-US Claims Tribunal was established, its nine judges are still at work on the last of about 4,000 claims filed with it. Even this rate of progress would have been substantially less had not the US and Iran settled 2,500 of the smaller claims as a group last June.

In comparison, claims against Iraq may run into hundreds of thousands. In addition to the considerable number of Egyptian, Pakistani, Filipino and other foreign workers who lost their livelihoods and property in Kuwait alone, must be added the claims of hundreds of thousands of Kuwaitis who lived through the terror. The total number of individual claims dwarfs the US experience with Iran. How many judges and how many decades would be required for an international tribunal to deal with all these claims?

The multinational character of such a tribunal would necessarily slow it down even further. Just the politics involved in the selection of the judges alone would consume a great deal of time and energy. Given the probable duration of such a tribunal, this process would have to be repeated, with attendant disruption, as judges died or resigned.

A number of different languages would be involved, entailing laborious translation of claims documents and evidence and interpretation for all proceedings. If tribunals and multilateral institutions alike are notoriously inefficient, the combination is doubly so. Doubtless it is for good reason that every international claims tribunal in history, including the Iran-US Claims Tribunal, has been bilateral, handling a modest volume of claims between only two countries, and that a multilateral claims tribunal has never even been attempted.

What is the alternative? It is a national processing of claims, with an organ of each involved country deciding the claims asserted against Iraq by its own citizens and companies.

A model for this is the US Foreign Claims Settlement Commission, which has administered dozens of claims programs since the Second World War, particularly involving former Eastern bloc nations.

Such a body would require documentary or other proof of losses attributable to Iraq's invasion of Kuwait. It would test each claim against applicable international law, and, if it accepted the claim, determine the amount of damages. Then, when all claims were totalled up, the successful claimants would be paid pro rata out of the available compensation.

Which brings us to the crucial issue: how is the global pot of Iraqi compensation to be distributed among the affected countries? Clearly this division can only be done by an international process. Perhaps it can be negotiated. More likely, especially given the number of countries involved, it will have to be decided by the commission established by the Security Council or similar body.

The commission or body might consist of five members, possibly chosen from traditionally neutral countries. Since its job would be to make a roughly equitable allocation, not a precise one – otherwise it would in fact have to decide all individual claims – it could receive written submissions from governments, hear their oral representations and reach its decision within a comparatively short time.

The process of dividing the compensation pie may also touch on issues of timing. Is any category of claims to be paid earlier than others? Should the flow of compensation go first to Kuwaiti claims, or to cases of torture and maiming? Should individuals made needy by Iraqi's transgressions, such as expelled foreign workers, be cared for at any early stage regardless of nationality?

If any such preferences are granted, they will have to be structured so that resulting payment to any country's citizens will fit within the limits of that government's eventual share of compensation.

The division process might well consider also exactly what types of claims will be covered. Are claims of Operation Desert Storm coalition governments for the costs of that operation, for example, to be included? Since these and other specific burdens almost certainly are not distributed among countries in the same proportions as are other claims, the inclusion or exclusion of particular categories will affect the relative size of nations' shares in the compensation pool.

It is impossible to say at this stage precisely when all these issues will be decided. As the pieces are still being picked up after the war, it will be some time before the details of Iraqi compensation arrangements are finalised. First, the secretary-general must make his recommendations to the Security Council. Then member states will have to give their reactions. After that the Security Council must act again and only later will the final details fall into place.

There is reason to believe, however, that in the meantime the spotlight may soon be on these issues in Washington. A significant sum in frozen Iraqi assets – some say $1.5bn – is in the US, where banks are still owed money on Iraq's pre-war debts.

Although the ceasefire resolution, like its predecessors, addresses only post-invasion losses, the census of US claims against Iraq now being conducted by the Treasury Department is not so limited.

The State Department sought unsuccessfully to include in the ceasefire resolution an express authorisation for it and other holders of frozen assets to vest them and thus keep them out of the general compensation Fund.

Almost every day a bill is introduced in Congress to pay off US claimants and Uncle Sam himself out of the frozen Iraqi assets.

If such action were taken, followed by similar action in the UK and elsewhere, the already complex diplomatic process would be further complicated.

The author is a partner with the international law firm of White & Case. He has served as a judge of the Iran-United States Claims Tribunal at The Hague since 1984.

TECHNOLOGY

Barriers come tumbling down

Guy de Jonquières reports on how Daimler-Benz is adjusting to the shake-up of its R&D activities

When Professor Hartmut Weule became head of research and technology at Daimler-Benz last September, he hit the ground running. On his first day in the job he presented [illegible] senior staff with a radical blueprint for changing [illegible] research in the group.

He had had plenty of time to prepare. A former staff engineer with Daimler who had left the group 12 [illegible] ago to pursue an academic career, he had already spent months discussing his plans with the group's management board.

On paper, at least, Daimler spans a wider range of technologies than any other European company. They include mechanical engineering, new materials, microchips and telecommunications. [illegible] assets include 24,000 electronics engineers and no fewer than six research centres.

Until recently, however, these resources have remained fragmented between [illegible] group's Mercedes-Benz vehicle businesses and the aerospace and electronics companies acquired since 1985. As a consequence, nobody is yet entirely clear who is conducting research into what.

As Jürgen Schrempp, head of Daimler's Deutsche Aerospace (Dasa) subsidiary, puts it, the group is still discovering "whether everyone is doing the same thing, or whether one person has invented the wheel and someone else needs it."

But as well as integrating these disparate activities more closely and eliminating duplicated effort, Weule faces another challenge: to speed up innovation by letting a blast of [illegible] air into the group's research establishment.

Critics inside and outside Daimler believe that even if rationalisation had not been made necessary by acq[illegible]tions, a shake-up was badly needed [illegible] operations of their ivory tower mentality. Highly centralised and [illegible] bureaucratic, they risked becoming an expensive luxury which had begun to lose touch with the needs of the mainstream businesses.

"In a lot of companies, central research departments have forgotten that other colleagues must earn their money for them," says Weule. "We have a budget of DM400m-500m (£130m-170m). Our [illegible] must understand that this money has to create advantages for the operating units."

His first step has been to decentralise his department by putting applied research and technology into research "institutes", attached to each of the group's four main operating units. Three managers have been appointed to run the institutes and co-ordinate the research programmes.

Each manager has also been assigned responsibility for a "global corporate task" transcending divisional boundaries. These tasks involve medium- and long-term research on information technology, environment, energy materials, production techniq[illegible] and technical assessment.

Weule expects this matrix – inspired by the German chemicals industry – to encourage a permanent dialogue with Daimler's mainstream businesses, while leaving those researchers remaining in the central laboratories free to pursue work closer to the frontiers of discovery.

"In the past, our researchers worked on targets which they mostly defined themselves," he says. "We must find a solution where the targets [illegible] defined by a group of marketing and product development people working with a researcher. Our counterparts in Japanese companies sit together and define very precisely what everyone has to do. We can learn from them."

Before Weule arrived, Daimler had sought to integrate the technologies of its different businesses through a cumbersome network of committees and special research projects. From now on, Weule says the emphasis will be on creating in his department a much more informal climate of "phone us and we'll help".

He is acutely aware that getting the overall structure right is only the start. The system will only work if his staff of 1,500 adopt new working patterns and develop mutual confidence in dealings with other parts of the group.

As well as seeking to involve Daimler's operating businesses closely in from the inception of research programmes Weule is working on several fronts to re-invigorate his department and anchor it more firmly in the corporate mainstream:

- Borrowing from Japanese corporate practice, he aims to give newly-recruited researchers experience at the coal face by sending them to work for two to three years in the operating units. Several have already been seconded to the Mercedes-Benz automotive businesses.
- Elimination of duplicated effort and unnecessary cost by reorganising research into "centres of competence", each with a clearly-defined specialisation.
- Increased flexibility. The number of grades in the research department is being reduced from seven to four, and the previously rigid link between pay and position in the hierarchy relaxed. Instead of having to work their way slowly up the ladder, young scientists will have opportunities to lead research teams, though pay will depend on qualifications and experience.
- Lowering the age of researchers. "We need younger researchers who are willing to take risks and make mistakes," says Weule, adding that scientists and engineers attain their peak of creativity between the ages of 25 and 28.

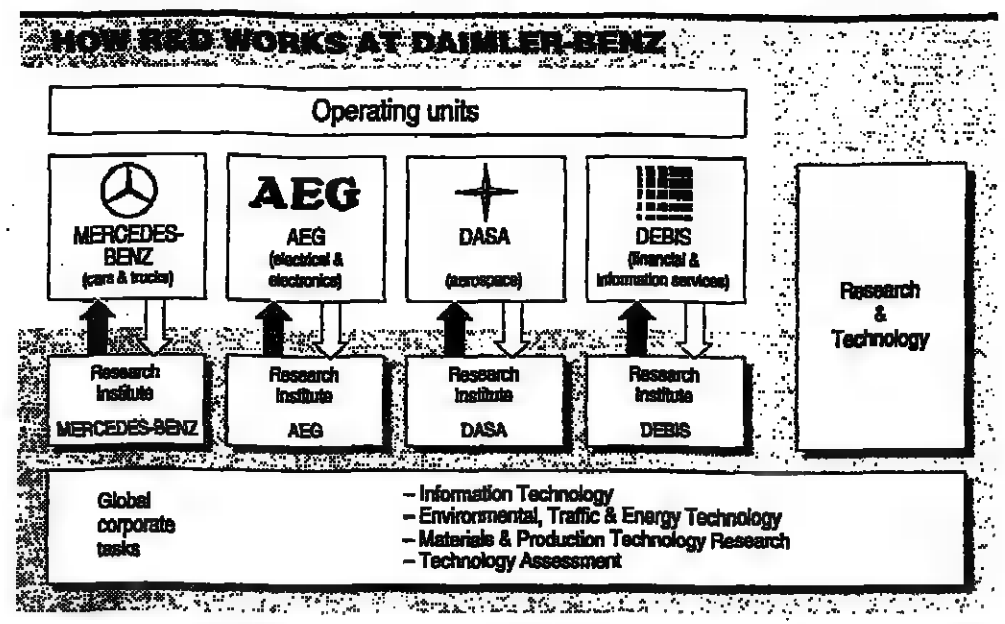
However, many in his department are aged between 35 and 40. He aims to recruit new blood from the academic world and hopes that, longer-term, efforts by German schools and universities to abbreviate study courses will bring trained scientists on to the job market sooner.

- Cross-fertilising more research by funding Daimler's research "institutes" to carry [illegible] projects for parts of the group to which they [illegible] not directly attached.
- Greater reliance on contract research in universities, with the aim of reducing costs and of spanning a wider range of technologies.
- Internationalising research. Weule says he wants [illegible] set up [illegible] centres [illegible] many, particularly on the US west coast and in Japan.

Weule says researchers in different parts of the group are already shaking off their "not invented here" attitude and is confident that the scope for productive collaboration will expand. His own trawls have already come up with some promising candidates.

[illegible] is an electro-chrome polymer process, which causes surfaces to darken when exposed to sunlight. Weule wants to apply it to glazing in cars and buildings. Another is an electronic speedometer developed by AEG, the electronics and electrical manufacturer that Daimler acquired in the mid-1980s, which uses a special semiconductor device to bounce microwave signals off the road surface.

However, he admits that more time will [illegible] before exchanging ideas and applying technology to commercial products becomes routine. "We must be a little more patient about [illegible] the results of the new system. But we are on the right track. We can feel it when we hold board meetings," he says. "A lot of companies in Europe will have to study this kind of solution."



Formula with enriched ingredients

In seeking to explain its pell-mell diversification into aerospace and electronics, Daimler-Benz has set much store by the "synergies" it expects to realise by applying technologies from these businesses to its cars and trucks.

But does this amount to a clearly articulated strategy, which can yield solid commercial benefits? Or is it, as some outside critics argue, largely public relations rhetoric, which has created confusion within the group about its future direction?

For some senior Daimler managers, at any rate, achieving "synergies" hardly seems a top priority. For instance, Jürgen Schrempp, president of Dasa, calls synergies "the most mis-used expression I have ever come [illegible]

He co[illegible]es, none the less, that Dasa's e[illegible]ience in areas such as aerodyna[illegible]s and new materials may be of value to the car businesses, and that bringing together researchers in different parts of the group has sparked off promising discussions on possible co-operation.

In theory, the scope for "synergies" should be biggest in electronics, a common strand in all the group's businesses. Daimler forecasts that electronics will account for 40 per cent of the value of its luxury saloons by early next century, up from 15 per cent today.

As mechanical components such as axles become commodities, Mercedes will seek to enhance and differentiate its products by equipping them with computerised features such as engine management and vehicle guidance systems.

Helmut Werner, deputy chairman of Mercedes, says the vehicle businesses need in-house capacity and expertise to keep abreast of the latest developments in electronic technology and to supply them with specialised microchips.

He says it is difficult to develop innovative technology in co-operation with traditional outside components suppliers, such as Robert Bosch, because of the risk that they pass on information to Mercedes' keenest competitors.

However, he is cautious about how much real business Mercedes will give AEG. "AEG is not specialised in producing things for our products," he says.

In any case, it is Mercedes policy to buy only half its parts and materials in-house, and that proportion is gradually falling. Other members of the Daimler group cannot expect preferential treatment in bidding for orders and must live by normal market disciplines, Werner says.

When Mercedes has turned to in-house suppliers it has often chosen Dornier, Dasa's aircraft subsidiary, which has sizeable electronics operations. Dornier's contributions include an on-board computer for trucks, engine management systems and research into vehicle distance-warning techniques.

Significantly, however, Weule says the biggest stimulus to innovation at Dornier has been the company's obligation in the past few years to compete for outside research contracts.

If Dornier's experience is typical, it suggests that the biggest test of whether Daimler's recent acquisitions can make any useful technological contributions will be whether they can prove themselves on the open market.

The pressure on them to do so will be all the greater because, for all the talk of integrating the sprawling operations of the Daimler group, important cultural barriers still separate the businesses.

Ernst Georg Stöckl, who recently took over as president of AEG, after running Freightliner, Mercedes' US truck subsidiary, says one of his biggest challenges will be to win the confidence of the vehicle divisions.

Mercedes, he says, remains fundamentally a "Stuttgart-centric company", while AEG is Frankfurt-based. Mercedes is also preoccupied with individual products, while AEG is much more project-oriented.

Furthermore, AEG is viewed with mistrust and resentment by Mercedes employees: "I have observed many attitudes of scepticism. People are asking, do we have to deal with these exotic new colleagues who are spending our funds?"

"It weighs on the mind of AEG people," Stöckl says. "I want to utilise their anger to get things moving. I hope that in two or three years people will see we are contributing and say: 'Hey, buddy!'"

Calls for disabled customers

Telecommunications technology to help disabled people communicate is being designed and produced by the same people that the technology is intended to help.

British Telecom, which is sponsoring a venture called Ferntech Systems, recognised that disabled people, with their knowledge of the practical dif[illegible] of trying to communicate, could help [illegible] develop such products.

A telephone has been invented, for example, that allows users to respond to an incoming call or to make a call with the help of a variety of remote-controlled devices.

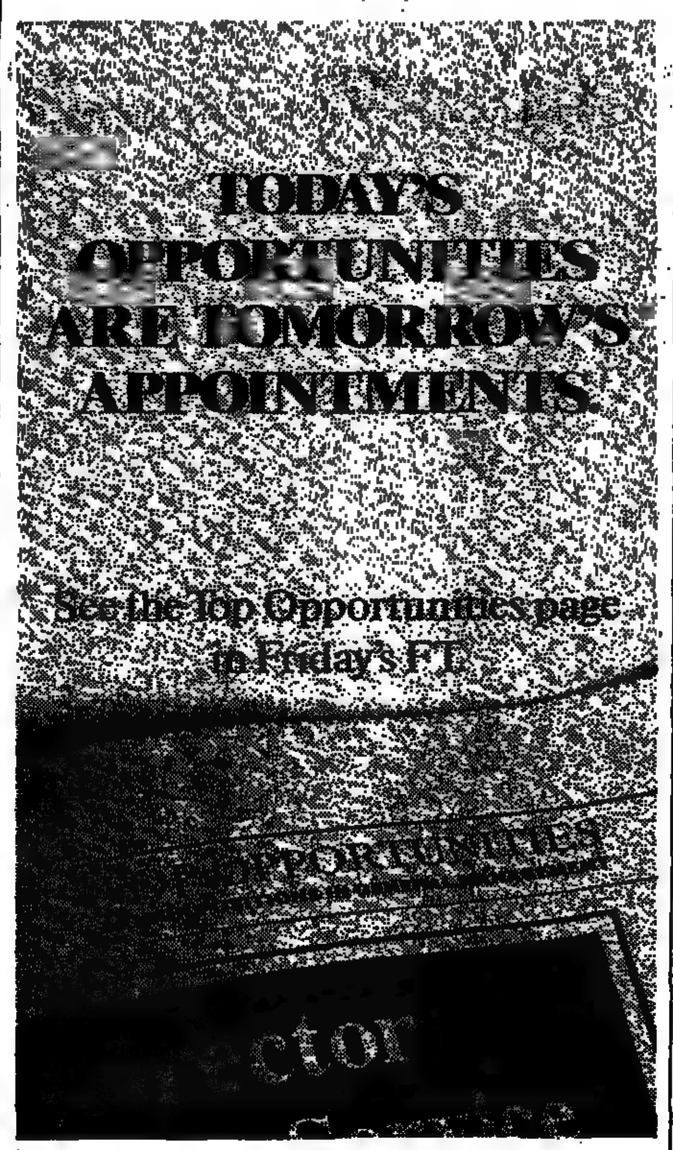
The devices include infra-red controllers that can operate a telephone 15 feet or more away and suction devices – that work like straws – which permit people with arm and hand disabilities to operate an electronic light display to dial telephone numbers. The suction instrument is linked to a light box that allows users to select the digits by sucking or blowing down the tube. The [illegible] throws a switch and thereby dials the numbers.

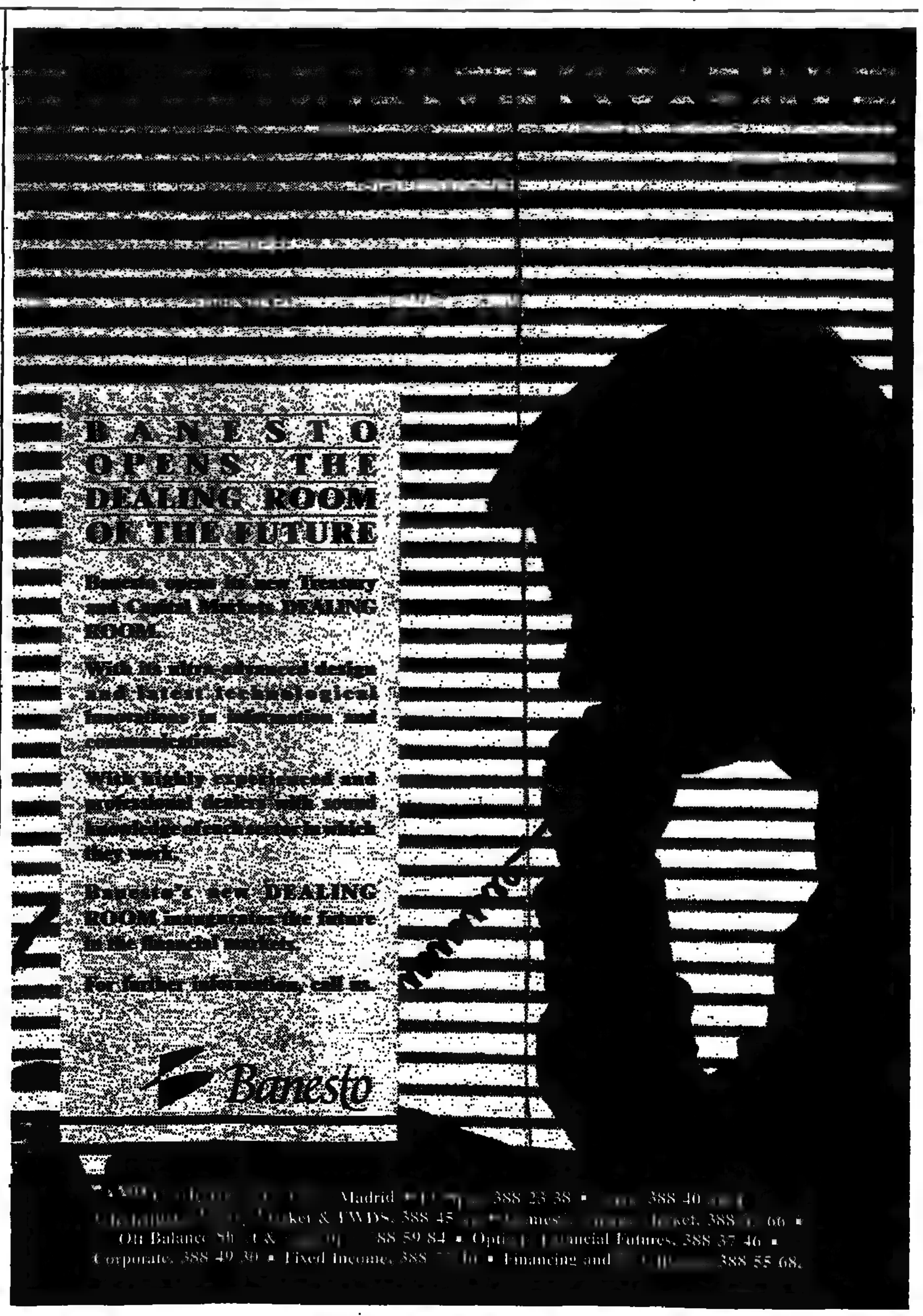
Other techniques for controlling telephones include [illegible] and sound activation and head, [illegible] foot [illegible] any other [illegible]trolled physical movement. Bill Ford, production manager of Ferntech, says that emphasis has been placed on making the range as adaptable as possible so the system can be tailored to meet a wide range of individual needs.

A computer cursor operated by movements of the head is another development that could help disabled people. A lightweight headset with a miniature receiver over each ear and over the forehead picks up infra-red signals from a transmitter on top of a computer television monitor screen. The varying signals received by a moving head are converted into signals that move the curser on the screen.

Adaptations are available for helping even the most severely disabled people to gain complete access to Apple Macintosh [illegible]. Movements of the head replace the hand operated mouse device for moving the curser around the screen.

Lynton McLain





UK retailing

Designing a store fit for heroes

John Thornhill explains Safeway's aspirations for its new generation of supermarkets

As you drive into Coventry along the A4114 you pass the sites [illegible] many of the proudest names in British engineering, but their buildings – like the local economy in the current recession – are looking rather tatty.

All around Coventry, [illegible] heartland of British manufacturing industry, companies are folding, workers are being laid off, and investment decisions are being deferred. Already clusters of aimless young men are forming on street corners.

In stark contrast, a little further along the road you come across a gleaming new Safeway supermarket which has been built at a cost of just under £20m. About half this sum was spent on acquiring the site, the rest on building the store and fitting it out.

The 38,000 sq ft store, complete with petrol station, dry cleaner, newsagents, coffee shop, 460-space car park, and 20,000 different items, represents one of the flagship stores in Safeway's chain of 308 outlets and is a fine example of [illegible] latest generation of superstores that are sprouting up around the country at a prodigious rate.

This year about £3bn will be spent on building [illegible]ch supermarkets, as Safeway, owned by the Argyll Group, and its rivals Tesco, Asda and J Sainsbury vie to seize the best sites to build these small miracles of research skill, organisation, and logistical efficiency. Little [illegible] that David Webster, Argyll's deputy chairman, likens these retailers to "minor [illegible]".

Safeway [illegible] virtually unknown in Coventry before [illegible] opened and it faced potentially tough competition from [illegible] Sainsbury [illegible] and a town [illegible] Co-op – which [illegible] that the market may already have been saturated.

However, an [illegible] competitors' trading patterns and a demographic profile of the site's surrounding population led Safeway to believe there was still a potential "grocery spending power" of about £3m a week.

Although it has not yet [illegible] [illegible]hat Safeway expects will be its [illegible]k trading levels, Webster says: "The store's performance is considerably above our best expectations when we opened. It destroys the myth of saturation."

Safeway believes the [illegible] has taken custom away from the rival multiple chains and the local independents and has encouraged shoppers [illegible] up" [illegible] spend money [illegible] higher value-added products. It will still be [illegible], however, before the company gets a return on its investment.

The store, which was completed in December 1990, followed extensive research into consumer perceptions of what they thought Safeway stood for and what they would like it to stand for. Customers said they valued the Safeway brand for wide choice, fresh produce, and customer service; Chris Taylor, the store manager, says the Coventry store was designed to "bring out those real 'hero' elements".

Few efforts have been spared to make the Coventry store attractive to shoppers. Potential customers were asked to give their opinions of a scale-model of the store and several hundred shoppers were followed at other Safeway stores to track and learn from their shopping behaviour.

Addison, the design consultancy, was also called in; it specified the colour of the floor tiles, the heights of ceilings, the design of fixtures, labels and shelving, and different levels of lighting. Underfloor heating has even been laid down in the frozen foods section to keep the temperature at an even level throughout the store.

There are several other singular design [illegible]. The [illegible] have been designed [illegible] minimise clutter; "orchard bins" have been set up to give the area the feel of a market stall; [illegible] has been set with chickens revolving on spits; and "hot spots" along the [illegible] contain extra [illegible] devoted to special promotions, [illegible] pick-and-mix cheeses or vintage wines.

The lay-out of the store is designed to entice the customer into spending money. The warm terracotta tiles and lowered ceilings sweep round a "horseshoe of interest" on the outer rim of the store. This is intended to encourage the customer to browse while choosing *croissants almandes* at 89p apiece from the patisserie or the high-priced organic oranges and lemons.

The less "sexy" products, defined as "level one" or "must have" items such as cans and packets are treated in more prosaic fashion and laid out simply in the central aisles of the store.

As with most supermarkets, the Safeway store stocks fruit and vegetables by the entrance – just so you can squash them with cans later on, grumble the cynics.

But Nick Payne of Addison explains that this provides the most visually appealing way to begin a shopping trip. "We wanted to emphasise our fresh produce. It is the most lively and friendly way to start into the store. Cans and packages are not."

After the fresh produce come the delicatessen and the bakery, where the enthusiastic Taylor whirs around reciting how [illegible] or thou[illegible] pounds [illegible] ready meals/fresh pasta/hot chickens/chocolate eclairs take.

"We [illegible] a bit [illegible] excitement back. [illegible] of food is very important to us," he [illegible].

But as well as – or perhaps because of – the enticing look of the store, the new format performs far better in financial [illegible] than does Safeway's portfolio [illegible] supermar[illegible].

[illegible] new [illegible] sales are [illegible] analysed against a set of control outlets and are said to be 40 per cent above the [illegible].

Overall, Safeway's weekly [illegible] are [illegible] of just under £12 per sq [illegible] – far below such competitors as J Sainsbury, Tesco and Waitrose. And Harris International Shopping and Promotion Intelligence, a market research company, estimates that average spend per trip across the Safeway stores is also – at 13 per cent – below the industry average and 26 per cent behind Tesco.

Although sales levels and average spend at the Coventry store compare favourably with those of the best players, Safeway will still face an uphill struggle reconfiguring enough of its store portfolio to combat the emerging duopoly of Tesco and J Sainsbury.

But at least its customers in Coventry won't be grumbling.

The new store on the outskirts of Coventry includes a petrol station and a dry cleaner

Love it, or loathe it, writes Alice Rawsthorn, Gold Greenlees Trott's "spoof" campaign for Taunton Cider's Red Rock was the clear winner of this year's Design & Art Direction advertising awards.

The Red Rock campaign – which features Leslie Nielsen, the star of Police Squad, the cult US cops series – won two silver prizes at the D&AD awards last night in London: it took prizes for best commercial of up to 60 seconds and best TV campaign.

This was a lacklustre year for the D&AD awards, which are organised by the Design & Art Directors Association and are generally considered to be the most prestigious of the dozens of different awards that [illegible] advertising and design industries present to themselves each year.

The number of [illegible] was roughly [illegible] per cent lower than last year – probably because in these recessionary times many advertising agencies and design companies baulked at paying £19 to enter a press ad or £49 for a film. This year the D&ADA received fewer than 20,000 entries compared with the usual 25,000.

Only two silver prizes were awarded for press advertising. Marr Associates won one for an ad for Ash Scotland, the anti-smoking charity, and Collett Dickenson Pearce won another for its advertisement for the Rainforest Foundation, the environmental group.

Gulf between medium and message

Advertising in the Arab world is in need of [illegible] shake-up, says **Bassam Elbani**

The Arab advertising industry is in disarray. In retreat since the end of the oil boom in the early 1980s, the industry has been dealt a near-mortal blow by the Gulf war. Now the very survival of many agencies and media representatives is coming into question.

Powers Overseas Publicity, a prominent media representative based in London, closed its Middle East department in February. Executives of Arab agencies complain about the lack of business but are reluctant to elaborate on just how poor business is. But the dire situation many of them face is underlined by what is happening in the jobs market; many of the surviving agencies are sacking employees and halving salaries of those remaining.

By international standards, the Arab advertising industry is small. Estimates of advertising spending in the Arab countries of the Middle East vary from \$250m to \$400m – a negligible figure when compared with America's \$88bn. Advertisers spend \$4 per capita in [illegible] Arab world, compared with [illegible] \$200 spent in the US.

[illegible] Arab agencies operate from offices in Beirut, London, Paris, Nicosia, Athens, and from [illegible]e or more [illegible] Gulf [illegible]. The wider the [illegible]graphic spread of the [illegible], the more attractive they are to international advertisers and non-Arab agencies. In most cases, Arab agencies act as sub-agents to international agencies, carrying out the job of media planning, selection and buying on their behalf.

On the face of it, these alliances seem logical enough – giving western agencies access to Arab expertise and giving Arab [illegible] means to project themselves internat[illegible]ally. But, in reality, the Arab agencies have handled their relationships poorly.

It is difficult today to find in Arab publications advertising of non-Arabic origin that satisfies the minimum standards applicable in the west. The targeting is wrong, the message is wrong, and the translation and style are even worse. In short, many of these ads have no impact on readers whatsoever. This explains, in part, why advertisers are reluctant to advertise in the Arabic press even in better times.

This serious problem is caused by the shortage of competent Arab [illegible]writers, translators and original creative thinkers. As the number of agencies in the Middle East is small, creativity is generally [illegible]w. These poor standards are re[illegible]rced by the reluctance of [illegible] pay the proper rates for creativity.

They also tend to plump for the cheapest co[illegible] and [illegible] on [illegible] – often with [illegible]. To make things worse, [illegible] blind eye [illegible] placed [illegible] punishment [illegible] the ad [illegible]cies. The [illegible] inflicted on everyone is incalculable.

Media selection is another factor that determines the success of a single advertisement or a campaign. This job has been largely left to Arab advertising agencies and media buyers, who tend to favour the working practices of "the old boy network". Publications may be chosen not on merit, but rather because of the personal ties between those buy[illegible] and the publishers.

Some buyers are not [illegible]inely concerned with the [illegible] of finding the most [illegible] way of delivering the correct audience but rather with [illegible] to place the maximum number of inserts with the medium they favour either for political reasons or financial rewards. Some publishers give more than 50 per cent discount off their published rate cards, of which only a small part is passed on to advertisers and the rest is pocketed by the advertising buyers.

The industry also applies the so-called datum line system under which the publication or medium in question grants a large volume rebate to any agency that places business with it in excess of \$100,000. Advertisers do not usually get a penny of this; it all goes straight into agencies' pockets.

The power that Arab advertising agencies exercise over the media puts the latter at their mercy. If a publisher falls out of favour with them for whatever reason, its publication may be starved to death. The ultimate advertiser generally has no say in the matter, as he trusts the judgment of the "experts" and reads published surveys of the state of the Arabic media.

But the figures in these surve[illegible] carefully chosen to suit favoured publications. It [illegible] not unusual to find a publication [illegible] being dropped from [illegible] survey because of its "limited" circulation, [illegible] next year being mysteriously reinstated on the basis of a healthy set of figu[illegible].

As one media expert puts it: "Few advertisers are aware that [illegible] available for [illegible] research are severely limited in comparison with European counterparts, which enjoy healthy revenues from a sophisticated and extensive advertising community. One of the most significant sources of income for research companies in the Middle East is the media. It is perhaps asking too much to expect such research to be immaculate in conception and execution under such circumstances."

Some advertisers, having become aware of these irregularities, had the [illegible] no; and [illegible]eir common stance [illegible] to [illegible] search for alternatives. They, together with [illegible] and the media, have set up [illegible] so-called Joint Industry Committee for the Middle East whose task is to produce unbiased media research that could help them through the maze of the Arab advertising industry.

Unfortunately, its performance has been disappointing. Says one observer: "The implementation of its first project was subject to lengthy delays before results were tabulated, by which time the information was out of date."

The author is a London-based marketing consultant.

PUBLIC NOTICES

oftel
Office of Telecommunications

BAND THREE RADIO LIMITED LICENCE MODIFICATION

NOTICE PUBLISHED BY THE DIRECTOR GENERAL OF TELECOMMUNICATIONS UNDER SECTION 12 OF THE TELECOMMUNICATIONS ACT 1984

Proposed modifications of the Conditions of the Licence granted to Band Three Radio [illegible] to run a telecommunications system.

1. The Director General of Telecommunications ("the Director") in accordance with section 12(2) of the Telecommunications Act 1984 ("the Act") hereby gives notice that he proposes to modify the Conditions in the Licence granted to Band Three Radio Limited ("the Licensee") on 22 October 1987 under section 7 of the Act for the running of the telecommunication system specified in Annex A.

2. The effects of the proposed modifications would be as follows:

(a) The proposed modifications would allow the Licensee to provide telecommunication services not only through service providers but also direct to customers, subject to a number of restrictions upon the manner in which such direct services are provided. These restrictions would first require the Licensee to carry on through a separate Direct Services Business all activities involving the promotion, marketing or distribution of basic services and of apparatus supply, installation and maintenance activities provided to anyone other than a service provider. Secondly, the Direct Services Business and the other activities of the Licensee relating to services authorised by the Licence (the "Systems Business") would each have to be separately identified in the Licensee's accounting records. Thirdly, internal transfers of telecommunication or other services to the Direct Services Business would have to be made at a cost equal to the amount which would have been charged for the provision of such services to a service provider. The Licensee would also be required, at the request of the Director, to prepare and deliver to the Director audited statements covering the financial position of the Direct Services Business and the Systems Business.

(b) The proposed modifications would ensure that licence conditions relating to the prohibition of undue preference [illegible] undue [illegible] provision of customer arbitration procedures continue to apply where the Licensee is providing services direct to customers rather than to service providers.

(c) The Licensee would also be required to provide telecommunication services at the written request of a service provider, except where the Licensee has reasonable cause either to believe that such services will not be resold outside the service provider's own group or to doubt the likelihood of the service provider reselling the services in a proper and efficient manner or financing such resale services (and the Director has not given a written contrary direction).

(d) The proposed modifications would restrict the definition of a service provider to a person who is able to demonstrate to the reasonable satisfaction of the Licensee that not less than [illegible] by value of the telecommunication services [illegible] by the [illegible] to them are or will be resold outside their group.

(e) The proposed modifications would remove the prohibition on the Licensee from engaging in the supply of telecommunications apparatus which is, or is to be comprised in a system authorised to be connected to the Licensee's system and would relax the restrictions on cross-subsidies so that activities relating to supply of apparatus to be connected to the Licensee's system and activities relating to the installation and maintenance of such apparatus could be combined into one business for the purposes of those restrictions.

(f) The proposed modifications would ensure that where there is a failure of a service provider and the Licensee is (under its licence) entitled for a temporary period of 3 months to provide services direct to that service provider's customers or to help such customers to find a temporary alternative service provider, the Licensee would during that temporary period (and in respect of those customers) be prohibited from unfairly promoting any particular service provider or any business carried on by itself.

3. The reason for the modifications is to bring into effect with regard to Band Three Radio Ltd the joint decision made by the Secretary of State and the Director in June 1990 to give greater freedom to mobile communications operators to provide their services direct to their customers, whilst ensuring that service providers would continue to participate in the market on equal terms. In particular:-

(a) the modifications would permit Band Three Radio Limited to market its services direct to its customers through its own direct sales division

(b) service providers in good standing are to have protected access to services for resale

(c) the terms and charges a network offers to service providers must be no worse than those on which Services are transferred to its own direct sales division.

4. The Director is required by section 12(2) of the Act to consider any representations or objections which are duly made and not withdrawn.

5. Representations or objections to the proposed modifications may be made to Mrs C J Richardson, OFTEL, Export House, 50 Ludgate Hill, London EC4M 7JJ before 17 May 1991. Copies of the proposed modifications may be obtained from the above address (Tel. [illegible] 071-822 1501).

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY

Notice is hereby given that the ANNUAL GENERAL MEETING of the Society will be held in the SOCIETY'S HEAD OFFICE No. 28 ST. ANDREW SQUARE, EDINBURGH on Thursday, 18th April 1991 at 12.30 p.m. to consider the Accounts and Balance Sheet and Reports of the Directors and the Auditor, to elect Directors, to determine the remuneration to be paid to the Directors and to elect or re-elect the Auditor(s).

A member of the Society entitled to attend and vote at any Annual General Meeting is entitled to appoint another person to attend and vote instead of him. Proxies must be lodged at the Society's Head Office not less than forty-eight hours before the time for holding the Meeting.

By Order of the Board
D.A. BERRIDGE
Chief Executive
28 St. Andrew Square
EDINBURGH

LEGAL NOTICES

In the matter of The Insolvency Act 1986 and Unilink Cables Limited

Notice is hereby given pursuant to Section 48 of the Insolvency Act 1986, that a meeting of Unsecured Creditors of the above named company will be held at Cork Gully, Bank House, Charlotte Street, Manchester M1 4BX on Tuesday 23 April 1991, at 10.30 am.

A creditor is entitled to vote only if he sent to the Joint Administrative Receivers not later than 12.00 noon on Monday 22 April 1991 details in writing of the debt that he claims to be due to him from the company and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and there has been lodged with the Joint Administrative Receivers, at Cork Gully, Bank House, Charlotte Street, Manchester, M1 4BX, prior to the meeting, any proxy which the creditors intends to be used on his behalf.

Dated this 8 April 1991

John David Harrison
Joint Administrative Receiver.

COMPANY NOTICES

**PIPE-LINES ACT 1962
ELECTRICITY & PIPE LINE WORKS (ASSESSMENT OF ENVIRONMENTAL EFFECTS) REGULATIONS 1990
APPLICATION FOR PIPELINE CONSTRUCTION AUTHORISATION KELT U.K. LIMITED - PROPOSED GREAT HABTON TO CLAYPIT PLANTATION LIQUID AND GAS CROSS-COUNTRY PIPE-LINES**

Kelt U.K. Limited hereby give notice, in accordance with the provisions of Part 1 of Schedule 1 to the Pipe-lines Act 1962 and the regulation 7 (3) of the Electricity and Pipe-lines Works (Assessment of Environmental Effects) Regulations 1990, that an application has been made to the secretary of State for Energy for the grant of authorisation for construction of two cross-country pipe lines.

The proposed pipe-lines, which are to be for the conveyance of hydrocarbon gas, produced water and hydrocarbon liquids are to run between Wellsites Malton 1 and Malton 4, Kirby Misperton 1/3 and Kirby Misperson 2, Marishes 1 and Claypit Plantation near East Knapton in North Yorkshire.

The pipelines will be owned by the Joint Venture Partners in the relevant Oil and Gas Licences and operated by Kelt U.K. Limited.

A copy of the map, on which the proposed route of the pipeline is delineated, and a copy of the Environmental Statement which both accompanied the application, can be inspected during normal office hours in Room 4.G.12, Department of Energy, 1 Palace Street, London SW1E 5HE and at the offices of the following local authority:

Ryedale District Council.

A copy of the Environmental Statement may be obtained from Kelt U.K. Ltd., 11 Smiddy Hill, Pickering, North Yorkshire, YO18 7AN whilst stocks last at a cost of £10 each.

Objectives to this applications should be made in writing, setting out the grounds of objection and bearing the reference PEP 78/508/47 and should be sent to the secretary of State for Energy at 1 Palace Street, London, SW1E 5HE, to arrive not later than 18th May 1991.

D Langham

Kelt U.K. Ltd.,
11 Smiddy Hill,
Pickering,
North Yorkshire,
YO18 7AN.

DL/jw/3.8.16.1.

BRADFORD & BINGLEY
BUILDING SOCIETY

£150,000,000
Floating Rate Notes Due 1997

In accordance with the terms and conditions of the Notes, the interest rate for the period 10th April, 1991 to 10th July, 1991 has been fixed at 12.08% per annum. The interest payable on 10th July, 1991 against Coupon 3 will be £301.17 per £10,000 nominal.

Agent Bank
ROYAL BANK OF CANADA

CLUBS

FINANCIAL TIMES SURVEY

ESSEX

Thursday April 11 1991

Essex has benefited relatively little from the decades of growth in south-east England, writes **Stewart Dalby**. But with the development of the Channel Tunnel, Stansted Airport and the European single market, it is being transformed into the UK's gateway

Back to the limelight

LESS than a decade ago, Essex was an ignored part of south-east England. The exodus of [illegible] people from London in the 1960s and 1970s moved west along the [illegible] past Heathrow airport, into Berkshire and Wiltshire. Or they went north into Hertfordshire and Buckinghamshire. To a lesser extent the exodus moved [illegible] Surrey and West Sussex.

Overseas investment, particularly from the US, also homed in on these areas. Essex had its new towns at Harlow and Basildon. But they attracted less interest than Crawley in West Sussex or Bracknell in Berkshire. They were also probably deprived of their New Town status too quickly.

Only a few companies considered moving eastwards. Indeed there was a cruel myth that the only people interested in migrating to Essex were successful members of London's East End criminal fraternity, who bought up discreet bungalows and detached houses in the green belt, or working class retirees drawn to the seaside resorts of Southend and Clacton by their memories of happy holidays there long before the days of Costa del Sol package tours

The county's obscurity and rather down market image was due to the fact that it was awk[illegible]. It physically abuts London, but the roads out of the capital were a spider's web of secondary routes through every built-up conurbation and innumerable traffic lights. The train service was indifferent.

Like Kent, Essex is also a peninsula, with large stretches of land seemingly going nowhere.

By the mid 1980s, all this was transformed when the M25 motorway was completed. Together with the M11 to Cambridge, this had the effect of opening the county up.

Essex has seen a net immigration of about 10,000 people a year since 1986, giving it a population of 1.53m. This makes its population slightly larger than Kent's and slightly smaller than Hampshire's although both those counties cover greater areas.

Many of the new Essex residents are commuters whose arrival [illegible] boosted house prices. East Anglia, including Essex, had the largest rise in house prices in the country from 1983 to 1988 when the last property boom spluttered out.

Using the first quarter of 1983 as the base of 100, the index for East Anglia rose to 291 by the first quarter of 1989. For the outer Metropolitan area it went up [illegible] 275.4; [illegible] the [illegible] as a whole, it climbed to 281.6.

It [illegible] 160,000 people converge on London each day out of a total Essex workforce of something out of 700,000. But [illegible] other attractions besides that of a dormitory for commuters.

As the embrace of Europe tightens, gets ever closer, with the EC internal market due in 1992 and the opening of the Channel Tunnel in 1993, Essex, perhaps more than Kent, is emerging as the key strategic county for companies wanting [illegible] draw closer to Continental [illegible]

Kent will have the fixed link [illegible] ports. But the [illegible]nel Tunnel will not be able to carry its full complement of traffic immediately. Essex has the important ports for northern Europe – Tilbury on the Thames, Harwich, Felixstowe and Ipswich.

Although Felixstowe and Ipswich are not in Essex, traffic from the south has to pass through the county to get to them. These ports have in recent years drawn an increasing volume of trade from the Midlands [illegible] north of England.

West coast ports such as Liverpool [illegible] to the world. Now they are the back door. The east coast ports have assumed primacy as [illegible] Europe has risen.

Improved [illegible] such as the upgrading of the A120 and other roads to the west should mean even greater volumes of cargo and people moving through these ports. The county council has been very keen to develop closer [illegible] with Europe. It has twinned [illegible] French [illegible] Picardy.

It has set up various organi[illegible] aimed at developing [illegible] links. It holds conferences such as the Euro week this month to encourage [illegible] and economic rapprochement.

The opening of the Dartford bridge to complement the Dartford Tunnel will make it easier for road traffic to travel to the south of London via the M25. If a new crossing of the [illegible] is built at the bottom [illegible] A130 somew[illegible] London and Canvey Island during [illegible] decade, it will further help traffic seeking [illegible] link-up with the Kent roads and the Channel Tunnel.

Then [illegible] is [illegible] airport. It is difficult to overestimate the impact that Gatwick [illegible] on West [illegible] in development terms or Heathrow on the towns along the M4.

The designation of Stansted as London's third airport will draw not only people but also companies into Essex.

All this will create great development pressure. Indeed, it has already started. Essex is being targetted by institutional investors in the City, who [illegible] that areas [illegible] the [illegible] and north of London [illegible] overheated [illegible] overpriced.

The recession [illegible] *temporarily* masked the underlying demand for [illegible] and indus[illegible] and there are millions of spare square [illegible] be filled.

But it [illegible] felt these [illegible] be swamped once the economy improves. Developers will [illegible] on the lookout for more [illegible]

The county council and the 14 [illegible] councils are aware of the interest [illegible] see their not inconsiderable [illegible] directing the development [illegible] areas they [illegible] rather than [illegible] county indiscriminately littered [illigible] parks, industrial estates and ugly housing spra[illegible].

They do not want the M11 to be flanked by endless factories such those which line the M4. They want to keep the beautiful countryside and villages around Stansted free from rash of new buildings. Above all, they want to prevent the green belt and environmentally sensitive areas from being criss-crossed by new roads. Instead, existing roads would [illegible] widened and improved. Like Kent, Essex has a lot of green belt land, embracing almost a third of its 367,384 hectares. Its existence is one of the reasons why it took so long to get the motorways into Essex.

Mr Robert Adcock, the chief executive of the Essex County Council [illegible] "we must be realistic. There is great interest in Essex now, although it was ignored [illegible] they put the roads in.

"I [illegible] Berkshire a long [illegible]. They [illegible] to [illegible] development there but everything was overturned on appeal [illegible] Department [illegible] the Environment.

"You ended up with ribbon development anyway. We [illegible] avoid [illegible] drawbridge mentality if we want to preserve the benign environment we have got. [illegible] identified sites for industry and offices and housing.

"We are determined to build around existing areas in each category and not allow unplanned sprawl."

The towers and spires of Colchester, as seen by local artist Ian Hay: a quiet corner of England being drawn back into the historic mainstream

ESSEX 2

Business and beaujolais help to seal Essex Man's European connection

Battle against the centuries

"EUROPE est là!" is a rather odd phrase that the people of Essex are seeing a great deal of now. It appears on leaflets and posters in libraries throughout the county, publicising Essex Euro Week, which runs from 10 to 18 April.

The eight-day programme (a council official was unsure whether this extended week was a change brought about by EC harmonisation which had been overlooked) is designed to "heighten awareness of what the single market means for Essex", says Chris Trowhill of Essex County Council. "It'll be a judicious mixture of business and beaujolais."

There are more than 100 events ranging from conferences on the environment, business and finance, through film, theatre and music shows, "gastronomic tours" and competitions, to "Send a Balloon to Europe" in Halstead High Street. Sponsors include the local councils, companies such as BAA Stansted and Ford, the University of Essex, and local arts and sports groups. The European Commission will also have a mobile information unit travelling around the county, showing an exhibition of opportunities afforded by the single market.

Will the event affect the prejudices that some British people hold about continental Europe? Mr Trowhill admits that "you're battling against centuries", but argues that people are beginning to see the advantages of learning about the rest of the continent. He gives the example of the fire brigade which has set up exchange visits with brigades in other countries such as Germany, to discuss common problems such as rules for handling of hazardous substances – which vary across the continent – and how standards should be harmonised. Mr Trowhill says that the services hold language courses to make it easier to communicate with continental lorry drivers, for example.

Essex is a member of the Association of European Regions, which has its headquarters in Strasbourg and discusses development of regionalisation. Other UK members include Hampshire and Kent.

The Commission is receptive to trans-Euro networks, says Mr Trowhill. The county is increasing its links with Ludwigsburg, a German county near Stuttgart with which it has been tied for 12 years, and has recently joined forces with Picardie in France – it set up a joint Essex-Picardie office in Brussels last month.

Picardie was chosen, says Mr Trowhill, because the two regions have common characteristics: their location relative to the Channel and the capitals of their countries, causing overspill development, for

A Brussels computer is used as a dating agency to match companies' needs in the Community

instance, is similar; Picardie has Charles de Gaulle airport, [illegible] Stansted; both are [illegible] by the Channel Tunnel in similar ways; and both have a large agricultural base and vehicle industry.

"The whole message is joint projects of a trans-Euro nature," says Mr Trowhill. "I call it the rule of three." Funding is available from the European Social Fund for co-operative developments across Europe, particularly for those classified as "objective one" areas – that is, the most disadvantaged. Essex is looking towards links with Portugal to tap this funding.

However, funding from the social fund is decreasing as it flows further east, and Mr Trowhill says that "around the Commission there are pockets of money" that can be tapped for specific projects such as schools forming links to develop language training or cultural understanding. The council was given £500,000 to buy the Temple Barns, built for the Knights Templar in the 11th or 12th century, and £2m was paid by the EC to build the Braintree bypass on the A120, which is seen as a trans-continent route between continental Europe and Ireland.

"It's all part of people developing an understanding", he says. "It's a long and subtle process." Though he reckons that other counties might be doing more, "we are pretty well up in the game". He points out that the position of Essex makes it one of the areas nearest to continental Europe: "We do look across the North Sea."

Sir Terence Beckett, ex-CBI chairman and resident of Essex, reckons that the area has the most to gain from 1992 because it provides a natural channel across the UK to continental Europe; Kent has good links with France but not the rest of the mainland, and further north the sea crossing becomes much longer.

At the port of Tilbury in Essex, the second largest UK container port, Mr Dean Mahoney says "we are all going for language classes" and travelling roadshows have publicised the port in continental Europe. "We are almost twinning with Rotterdam and Le Havre", he says: Tilbury is helping to build a hub and spoke operation with the hub, Rotterdam, docking the mother cargo ship while smaller ships take frequent loads from Tilbury and continental European ports to load it.

Mr Colin Attenborough, who runs a computer network of UK companies seeking contacts across the Channel, says that "Europe is the big theme" for Essex at the moment. The network – BCNet – was an EC initiative set up about three years ago to help small companies co-operate across the Community. A computer in Brussels is used like a dating agency to match companies' needs, and 350 intermediaries, of which Essex council is one, convert each company's requirements into computer-speak to input the details.

BCNet was "conceived as a free-of-charge network", says Mr Attenborough, but since business advisers from the council spend a couple of hours interviewing the company and then provide information on which companies across the water match its requirements, the council now requires a nominal £40 fee, or £50 for clients outside Essex. "The question of fees is exercising all BCNet intermediaries at the moment," says Mr Attenborough, partly as the EC wants to expand the network to take in eastern European countries such as Poland – "they're thinking of nearly doubling the number of intermediaries", he says. "It has to stand on its own feet financially."

At present, the matchmakers can arrange the first meeting between companies but will leave the rest up to the two parties. Mr Attenborough reckons this is too early: "I am very conscious that they are still very nervous." He thinks there is a brokerage role that should be played at this stage: "It could give more service. Brokering between the two companies is the tough bit."

But an advantage of the network is that as intermediaries use it, they get to know each other and can talk direct about link-ups without using the computer, which has disadvantages.

"Business can only be done person to person at the end of the day. BCNet is just a tool in the toolbox."

Elisabeth Tacey

Stansted's new terminal: an international facility whose significance will grow with time

Stansted is set to be the gateway to Europe, writes **Bob Garton**

Continent no longer cut off

COMMUNICATIONS has always been the life blood of Essex. To the southwest lies London. To the east lies the European mainland.

With the arrival of London's third international airport, the county is set to become the gateway to the Continent.

When the Queen opened the £400m air terminal at Stansted on March 15, she ushered in a new, third chapter in the development of Essex. Passenger traffic through Stansted is expected to grow from the present level 1.5m passengers a year to 8m a year by the middle of the [illegible]

Air UK expects to treble its passenger levels in the next 12 months; Ryanair, the Irish airline, recently transferred its services from Luton to Stansted; and American Airlines plans to run flights to Chicago from the airport from next year.

Airport development will add to the county's prosperity, encouraging investment and employment, but at the same time increase pressure on road and rail links.

Electrification of trains has brought most of the county within easy commuting distance of London.

The airport itself is now only 41 minutes from the City thanks to the opening in February of British Rail's £44 million station inside the terminal. The Stansted Express will run frequently between Liverpool Street and the airport, connecting with Tube [illegible] Tottenham Hale, [illegible] will be regular services to Cambridge for connections with InterCity trains.

The introduction of the service is not without its critics: worried commuters fear it will put more pressure on the London-Cambridge line, which already has a history of lateness and interruption. Sir Bob Reid, BR chairman, has said the line will be closely monitored to determine the need for extra track or signalling.

The expansion of the airport will create an estimated 20,000 jobs over the next 10 years. To put the impact of this growth in perspective, the present

The Thames high level crossing at Thurrock, opening soon, should have a big impact on the county

employment total in the district of Uttlesford, which includes Stansted, is only 17,000. The building of homes and other facilities for such an influx of population will inevitably increase the pressure on the county's roads – and more than half the major routes are already overloaded.

Residents of Essex, like the county council, are acutely aware that uncontrolled development could seriously damage the environment. While it may be best known for its new towns, industrial centres, ports and major thoroughfares, it is also a county of unspoiled historic villages, chocolate-box cottages and farmland: its acreage of prime agricultural land is second only to that of Cambridgeshire.

The challenge, as seen by county planner Peter Milton, is of a "constant balancing act between preserving the best of the county and ensuring that the community gets the best out of development". Development and employment are therefore being steered away from the immediate surroundings of the airport and towards towns such as Harlow, Dunmow, Chelmsford and Braintree. The overall intention is to redress the balance between commuting to London and local job availability. The county's major roads, which are constantly updated, are seen as corridors of movement, not corridors of development.

Access to the airport will be much improved by the upgrading of the A120, which connects the M11/Stansted interchange with the east coast. The Department of Transport is to fund the £75m cost of transforming this congested road into a dual carriageway as far as the new Braintree bypass. Work starts in 1993 and ultimately the A120 will be a trunk road from the M11 to the east coast at Harwich.

Another event which will have a significant impact on the county will be the completion this summer of the high-level Thames crossing at Thurrock, designed to relieve congestion at the Dartford Tunnel.

In 1964/65, the year after it opened, 5m vehicles passed through the tunnel, more than twice the number expected. A second tunnel, costing £45m, was built in 1980. When this opened traffic had grown to more than 11m vehicles daily. The construction of the M25 London orbital motorway drew the Dartford tunnels into the national road network, prompting further traffic growth. Today about 30m vehicles a year – 80,000 a day – use the tunnels.

The new high-level cable-stay bridge, described by builders Dartford River Crossing as "a beautiful prospect", is rising 70 metres to the east of the tunnels. Its four lanes will double the traffic capacity of the Dartford-Thurrock crossing, relieving congestion on the M25 and bolstering the vital links, via the M20, between Essex and the Port of Dover and the Channel Tunnel.

The M25 and the new bridge have also helped to change the face of Thurrock. The area was once the centre of Britain's cement industry, but when this moved south to Kent in the 1950s it left behind a derelict landscape. The M25 has changed all that as more and more development is attracted to the area.

The Lakeside Retail Warehouse Park, the adjacent Tunnel Estate and the Lakeside regional shopping centre between them comprise 2m sq.ft of retail floor space. Work is also well under way on the Thurrock motorway service area – the second on the M25. Over the next decade, 1,000 houses a year will be built in the borough.

Improved communications, which have long been the key to improved fortune for Essex, have been given fresh impetus by the approach of the single market in Europe after 1992. "Essex is a European county now," says Mr Paul White, chairman of the county council.

This commitment to making the free market work for Essex is reflected throughout the county's transport policy. Nowhere will the opportunities for increased trade be felt more keenly than at the county's ports of Tilbury and Harwich. Tilbury, which has concentrated on deep-sea container business, is well served by the M25 and is close to London.

Harwich is the focal point of an ambitious scheme designed to improve traffic through the town and increase the usage of the port. The peninsula on which Harwich stands has no room for development, and the dense traffic making for the docks on the other side of the mile-wide Bathside Bay is forced through the narrow streets of the old town and Dovercourt. As a solution the county council has embarked on a £3m reclamation of the bay and the construction of a Dovercourt bypass, which will in turn provide easy access to the deep-sea terminals planned for the bay area.

The Europeanisation of Essex is already seen in many of the county's roads as arteries and bridges are being widened and strengthened. The Braintree bypass attracted EC funding because of its integral role in the proposed pan-European route, which runs from southern Ireland.

By the end of the decade there may well be further expansion to the Essex road network, to cope with the expected growth in traffic from Europe and the new M25 crossing. A White Paper, *Roads for Prosperity*, contains several proposals for new or improved roads in the county.

They include an extra lane on the M11; easing traffic flows on the A12 London-Harwich route by improving the road or replacing it with a motorway; a link between Chelmsford and the M25; and upgrading or replacing part of the A127 running between east London and Southend.

Elisabeth Tacey reviews the changes at the biggest Essex port

Turbulence at Tilbury

THERE is turbulence at Tilbury, the biggest Essex port and the second largest container port in the UK; the waves caused by abolition of the National Dock Labour Scheme still roll, while others made by the planned docks privatisation begin to build.

The labour scheme was abolished in 1989. Port employers [illegible] it restricted working prac[illegible] and flexibility, reducing their competitiveness against non-scheme ports such as Felixstowe. The Transport and General Workers' Union says that it set minimum work conditions, and without it standards of health and safety, training and working conditions will drop. It also ga[illegible] dock workers security of employment.

At Tilbury, [illegible] Mahoney says "the place has been transformed" since the scheme was abolished. "There's a lot [illegible] flexibility [illegible] don't have the dock labour scheme." Because workers other than registered dockers can now deal with cargo, he says, companies [illegible] land from the port, owned by the Port of London Authority, to handle their own goods.

For example, a cement company uses its own labour force at a leased site; a bulk metals group has leased a site where it has made capital investment and employs its own workers; and aggregates are imported from Aker at a similar "stand-alone terminal". Others such as newsprint importers and Silcock Express, a vehicle distribution agent, manage their own terminals while Tilbury provides labour. The port charges a rent and wharfage fee (commission on tonnage).

"We are free to develop idle land as we see fit," says Mr Mahoney. "We have started to market the place as a business [illegible] than just [illegible] operations."

[illegible] there [illegible] "quite [illegible] drastic reduction" in the workforce – the port now employs 1,000 directly, with 3,000 to 4,000 relying indirectly on it, compared with 1,700 direct employees before the labour [illegible]e was [illegible] But he argues that most of the redundancies were voluntary, and the workforce is treated better now, as they are organised into small work units.

But the TGWU has a different view. "It's the last place where we think everything is hunky dory," says spokesperson Eddie Barrett. Eighteen shop stewards and branch officials have been involved in an industrial tribunal for the last 18 months claiming unfair dismissal for trade union activities, and Mr Ken Reid, the [illegible]nal [illegible] for London and [illegible] represents "probably [illegible] worst kind [illegible] relations that we have witnessed since the war". Allegations range from the management nailing up the shop stewards' office and removing files to "vicious" behaviour. "The union is firm in the belief that its case is sound," he says.

> **"It will still be easier to transport goods by ship to Rotterdam than through the Channel Tunnel"**

The Port of London Authority is the only employer that has derecognised the union since the scheme was abolished, says the union. Mr Reid says that the members at Tilbury – the authority's only working dock – "have got their heads down waiting to see the result of this case". But he reckons that they are working longer hours under shift patterns that are "not in their best interests", and they want the union recognised again.

He also thinks that Tilbury has "only captured new contracts at the expense of other ports. All they're doing is moving round the misery – I don't think they are making any real progress at all."

Mr Barrett adds that the number of members – 9,500 in scheme ports before abolition – has fallen by nearly half. "That's people on the dole – people in the docks are still overwhelmingly in the T & G." On the question of greater flexibility, he says "we are not against more efficient working in docks, but the core of flexibility is flexibility to manage labour and do away with agreed terms and conditions".

Other changes at Tilbury are not so controversial. Its International Cruise Terminal, says Mr Mahoney, is "very much a growth area for us. At the moment we are busier than Southampton in terms of ship calls", although Southampton handles more passengers. The biggest cruise lines in the world use the terminal, says Mr Mahoney, particularly fly/sail cruises which are popular with Americans and for which the development of Stansted Airport could be a "positive benefit", says Roger Mutton of the Port of London Authority.

The authority claims to be the only UK port to have a Crown Police Force responsible for security arrangements that meet the standards of the International Maritime Organisation and "exceed those [illegible] many international airports". It carried 80,000 [illegible] in 1990 and due [illegible] the Gulf war, hopes to equal that number this y[illegible] A year ago, the authority projected a 24 per cent increase for 1991.

Mr Mahoney does not expect the Channel Tunnel to take trade away, due to the size of container ships. "You just can't fit that much on a train." And Mr Mutton says that transporting goods to northern Europe will still be cheaper and easier by ship from Tilbury via Rotterdam than by road and rail through the tunnel.

Mr Mahoney says Tilbury is the largest handler of forest products, handling 1.3m tonnes last year. Further down the Thames, the Port of London Authority [illegible] owns Purfleet wharf, which specialises in forest product cargo. Substantial investment has made the wharf the largest independent operator on the river, handling 500,000 tonnes of forest products a year, mainly from Scandinavia, with other imports from North America and services to Poland and Germany.

Now the challenge for the Port of London is the privatisation of Tilbury, compulsory under the Ports Bill as the port has turnover of more than £5m. Mr Mahoney says "We welcome it – we favour a management-staff buy-out. We want to keep operating as a port. We don't want to be eaten up by a large corporate raider." But he cautions: "It's an exciting time, but there's some uncertainty."

For Harwich, the passenger port owned by Sealink Stena Line, the uncertainty and turbulence have dissipated after "not knowing who was owning us," says Mr Roy Groves, deputy general manager of the port. During the bid last year from Tiphook of the UK and Stena of Sweden for Sea Containers, then owner of Sealink British Ferries and therefore Harwich, there was an initial offer from Stena for Sealink which was rejected, then plans to sell Harwich to stave off the bid, and finally another accepted offer from Stena.

Mr Groves says that £11m will be spent between now and the end of the year: on a new car ship berth for Ford and Vauxhall, to be completed by June; a cargo berth, to be finished by the end of the year; a 200m long berth for a ferry line to replace the St Nicholas, now used for another crossing; and a control system that videos each container to inspect for damage.

In January, 167 people were made redundant, but Mr Groves says most left voluntarily.

Mr Groves also says that the Channel Tunnel is unlikely to affect the port, as it serves northern Europe. "We are fairly optimistic that we will not see any drop," he says. "Most of our passengers like to take the car abroad. Our main concern is the drop in the economy – just like everyone else."

Stewart Dalby on the changing economy

A healthier blend

A SNAPSHOT of Essex 10 years ago would have shown that, like Kent, it consisted of roughly three economic zones.

Along the north-east Thames corridor and as far north as Basildon were port and port related industries as well as oil refineries, and various engineering concerns, electrical and mechanical. Southend on southern the end of the peninsula had holiday-makers.

In the towns along the two main roads, the M11 and the A12, was a mix of industries including high technology electronic companies, motor vehicle companies, mechanical engineering, printing, food, drinks and tobacco concerns.

Finally, in the north of the county in the districts of Uttlesford, Braintree, Colchester and Tendring, there is agriculture, tourism in Clacton and the port of Harwich. The Tendring peninsula had and still has a high proportion of elderly people. Towns such as Frinton are favourite retirement spots.

During the past 10 years the picture has been altered by the completion of the M25 orbital motorway. This fostered the retail centres in Thurrock, Basildon and Harlow.

Although there has not been as great an infusion of service, white collar companies as in the towns west of London, like Swindon and Bristol, the better communications brought a number service companies to Essex.

In statistical terms, the economic profile of Essex is similar to other parts of the south-east. About 20 per cent of the workforce is in manufacturing (the national average is around 24 per cent). The manufacturing sector, the ports and refineries notwithstanding, is a mix of what might be called light industrial concerns, typical of the south-east. There is very little heavy industry.

The service sector, including retail, public administration, education and tourism, accounts for two thirds of the economically active population or around 400,000. The workforce of Essex is put at 700,000, although the figure al[illegible] includes many commuters.

> **The trend towards more white collar companies entering the county [illegible] likely to continue**

It is thought that some 160,000 people a day commute to London, or more than a fifth of the Essex workforce. Some of them, 000 however, will probably be included in the 400,000 jobs in the service sector. Most commuters are drawn from the large population centres along the Thames estuary such as Southend and from the green belt towns which extend as far north as Chelmsford. Around two thirds of the population of 1.53m live in this area. But there are commuters from as far north as Colchester and even from Suffolk, who travel to Liverpool Street station in London.

The [illegible] unemployment [illegible] February) [illegible] 7.8 [illegible] cent, so Essex is [illegible] the national average of 8.2 per cent but above the average for the south east of 6.6 per cent.

The biggest employers in manufacturing remain the refineries and the ports as well as engineering and electronics concerns.

The two refineries run by Mobil and [illegible] in [illegible] Thurrock District combined with other oil related companies and two power stations are thought [illegible] employ around 2,500. The Tilbury [illegible] probably employ around 1,500 if one includes warehousing [illegible] freight forwarding.

[illegible] manufacturing employers in Harlow include STC, BP and IDV. In Colchester [illegible] Phillips, British Telecom, and Woods of Colchester. In Basildon, Ford Tractors is a substantial employer [illegible] GEC/Marconi [illegible] spread throughout the county in various guises.

Even Chelmsford, primarily an administrative [illegible] has some industry. [illegible] and Wire[illegible] has [illegible] marine submarine [illegible] It [illegible] 110 people although strictly it [illegible] an installation company rather than [illegible] manufacturer.

Manufacturing has been overtaken by services in recent [illegible] Retailing is one [illegible] it. The lakeside complex in Thurrock, which [illegible] sq ft of shop space, is thought [illegible] be one of the largest shopping areas in western Europe, employing about [illegible] people directly [illegible] indirectly.

[illegible] have developed shopping centres in recent [illegible] Throughout the county some 10 per cent of the workforce is employed in retailing.

A further 7 [illegible] are employed in administration – the county council has [illegible] headquarters in [illegible] – and another 7 per cent are employed in education. The University of [illegible] just out[illegible]

[illegible] has not gained as much publicity as some other localities for managing to attract well known names in the services sector, but it has had its coups.

Access, the financial services company which now calls itself Signet, is well established in Southend. It employs around 2,000 people. The Customs and Excise [illegible] also in Southend and employs about [illegible]

The trend towards more white collar companies [illegible] to Essex seems likely to [illegible]tinue.

[illegible] has a resource which gives an added attraction [illegible] companies looking [illegible] relocate [illegible] London – all those [illegible] At least some of the 160,000 trooping into London must surely prefer to work [illegible] home.

SOME IMAGES of [redacted] would hardly seem to recommend the county as a place worth passing through, let alone a place to stop and explore.

The most recent besmirching of the county's name appeared in a national Sunday newspaper last year, with its profile of "Essex man," the supposedly typical working class Tory voter from towns like Harlow and Basildon in "the bleak tundra" in the south. Sir Nikolaus Pevsner in his Buildings of England series described the Saxon inhabitants as "unenvied possessors of an unattractive domain".

Daniel Defoe in his *Tour Through [redacted] Island of Great [redacted]* in 1724 made much of the marsh [redacted]wellers who every spring took a new wife back to their unhealthy country "among the fogs and damps," where she would quickly succumb to an early death, leaving them free to look for another.

Such pictures of the county are very narrowly focused, however. And while Essex County Council [redacted] keen to improve the image [redacted] the county, tourism already accounts for about 3 per cent of its gross domestic product, according to Lynn Ballard, the county tourism officer. In 1989, UK residents made 2.7m trips to Essex, spending 7.8m nights and £116m. Overseas visitors made 240,000 trips, spending 2.7m nights in the county and £52m.

David Blackwell on the hidden attractions of a neglected county

A lot more than marshes

Essex Tourism, [redacted] section of the county planning department, had a budget last year of £165,000 to promote the county and encourage more visitors. "That's not a large budget for the amount of things we cover," says Ms Ballard.

Lyn Ballard believes that one of the major attractions of Essex is its diversity. It is one of the biggest of the English counties, and while heavily populated, most of the people are concentrated in the south. But the further north a visitor travels, the more rural the county becomes, and "it's not as pretentious and tarted up as other parts of the south east," she maintains.

In the far north, along the border with Suffolk lies the Stour valley – the countryside that inspired John Constable. This has changed remarkably little over the years, and predictably attracts thousands of visitors every year. The village of Dedham, where Constable went to school, was also the home of Sir Alfred Munnings, who specialised in painting horses and sporting pictures. His former house now contains a gallery with 100 of his paintings and drawings.

Much of the coastline is also wild and lonely, especially considering its proximity to large population centres. "Essex probably has more remote coastline than other counties in the south," says Ms Ballard.

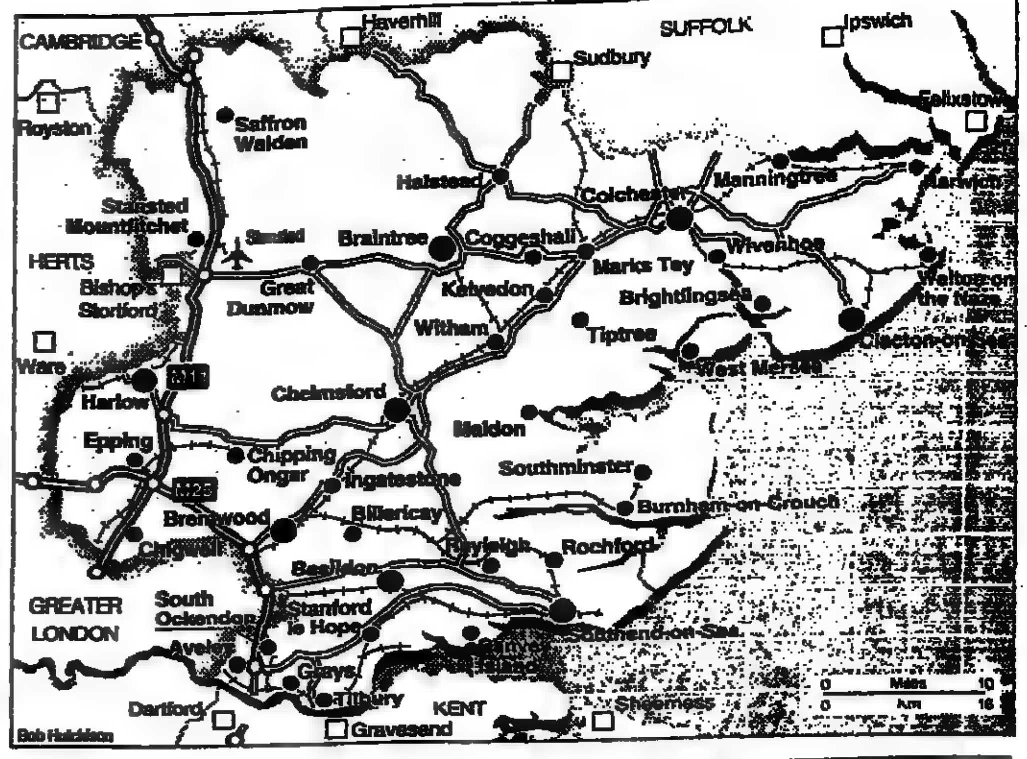
The traditional two-week seaside holiday appears to be a thing of the past, however. But that is not to say that Southend, Clacton and Frinton are being totally ignored in favour of Spain and Greece.

Southend, famous for its 100-year-old pier, claims to be the n[redacted] town to London, and is ideally placed for the day-tripper. As the largest town in the county, it boasts a full calendar of events as well as a watersports centre and good fishing facilities.

Clacton and Frinton, however, are still attracting large numbers to their beaches, particularly at weekends. The wonderful weather in the past couple of summers has resulted in a boost for local accommodation providers.

All three towns are on direct lines to Liverpool Street station, tapping in to the main market for Essex tourism – north east London. Proximity to the capital, Ms Ballard believes, is one of the county's biggest assets. "Essex, the next best thing to London" has been adopted as one of the tourist authority's slogans.

The "chocolate box" village of Finchingfield: one of the many quiet Essex backwaters which delight the weekend visitor



The highest proportion of overnight stays in the county are for business, a market the tourism authority is keen to build on. Large hotels in inland towns such as Harlow and Brentwood provide the business world with cheaper conference centres than London.

The list of places to visit, which is free to visitors, will this year contain 200 venues – double the number listed three years ago. The list reflects the long history of the county, which in Colchester contains Britain's oldest recorded town, dating back to the Romans. Essex is rich in timber framed buildings as well as castles and magnificent churches built on the profits of a thriving medieval textile industry.

[redacted] history is [redacted] railway museums. The latest to open – Mangapps Farm near Burnham on Crouch – is [redacted] of the businesses which [redacted] tourist authority has advised. The owner has turned a private hobb[redacted] into a tourist attraction.

[redacted] authority [redacted] well aware that [redacted] number [redacted] foreign visitors to Essex is relatively small, and is making a big effort to attract them. A tourist information office is sited at Harwich, [redacted] 2m people [redacted] on the ferries to the Hook of Holland, Sweden, Germany and Denmark. The authority also hopes to put an information office at the expanded Stansted Airport; it is holding a meeting this month with [redacted] a[redacted]n of starting a marketing [redacted] with hotels and other businesses in [redacted] area.

The county's links with the US are also being revived next [redacted] – the 50th anniversary [redacted] the arrival of US forces [redacted] the Second World War. The authority [redacted] already starting to [redacted] touch [redacted] veterans' groups, and [redacted] produced [redacted] brochure entitled Stars'n'Stripes [redacted]ex.

According to Lyn Ballard, Essex's links with [redacted] US go back [redacted] lot further, however. It [redacted] the largest number of emi[redacted] to the New World of any county, including the ancestors of George Washington and President Bush.

Planners show pragmatism and caution, writes **Stewart Dalby**

Policy of urban containment

THE views of the county council towards development of Essex as an industrial and commercial base can be seen in microcosm in its attitude towards Stansted.

The council was opposed to this little corner in the north-east of the county being developed as London's third airport.

Stansted is in one of the prettiest parts of Essex, known as [redacted] Country after the painter John Constable who executed some his most famous landscapes there or nearby.

The noise pollution for the attractive towns and villages in this part of Essex would have been intolerable, the county argued in the various protracted hearings about the airport.

Now that Stansted is a *fait accompli* as an international airport – the new terminal was opened last month – the county council has accepted it with reasonably good grace and has begun to recognise the benefits it brings.

It is fiercely opposed to the idea of a second runway, however, and is determined that airport related developments will be conducted in an orderly manner.

It has said in its structure plan, therefore, that houses for the 10,000 people already or soon to be involved in Stansted should be built around existing towns and villages, and in harmony with [redacted] residential areas.

Similarly, with any commercial and industrial developments. The council and district councils are trying to insist that any such developments are "on site" and do [redacted] sprawl on to the surrounding countryside.

With something [redacted] 700 [redacted] and its [redacted] should [redacted] possible [redacted] within [redacted]

[redacted] only the latest in a number of projects which have brought Essex to the attention of developers.

The completion of the M11 and the M25 motorways by the mid-1980s opened up the county.

The switch of trade from the west coast ports such as Liverpool dealing with the US, South America and Africa to the east coast ports of Felixstowe, Harwich and Ipswich which trade with Europe meant that more companies began to consider Essex.

The overcrowding and rising costs of popular relocation areas to the west of London such as Swindon, Reading and Bristol have caused developers and institutional [redacted] to look elsewhere [redacted] potential opportunities.

Other projects that are happening or are likely to happen include the improvement of [redacted] A120, the upgrading o[redacted] A127 and A13 and the construction of [redacted] new Thames crossing [redacted] the [redacted] Canvey [redacted]land. They are all [redacted] to enhance Essex as a[redacted]

The targetting of [redacted] began before the current recession. The depressed market has [redacted] underlying demand for office space in the county.

The briefest visit to Chelmsford or Southend is sufficient to reveal how much commercial development has been going on.

The planners at the county council estimate that there is currently around 4m sq ft of commercial-industrial space on the market. This is double what was on offer a year ago. Of this total some 1.2m sq ft is office space.

Once the economy begins to pick up, however, this space is likely to be taken quickly. Officials at the county council and at some district councils feel that the pent up demand might possibly outstrip the potential supply.

Accordingly, to prevent developers from "ruining" the county, says Mr Robert Adcock, the chief executive of the county council, there are plans to release sufficient industrial, commercial and housing land consistent with maintaining a benign environment.

Officials are confident that when interest rates fall there will be strong demand for developable land

The county structure plan which looks as far ahead as 2001 estimates that some 60,000 houses will be needed between 1991 and 2001.

The plan, which is in line with Serplan, the government's regional plan for the south-east, envisages the provision of up to 1,500 acres [redacted] industrial and commercial use by 2001.

The availability of land varies according to where in the county [redacted]. In Southend, there [redacted] any industrial land [redacted]ied. Despite the recession which is hitting Southend's airport hard, there are only tens of thousands of square feet of office space available rather than hundreds of thousands for which there is demand.

In Harwich, by contrast almost 300 [redacted] has been given approval for development. Most of this is for industrial and commercial use in Bathside Bay and will be on reclaimed land.

At Colchester, the new 35-acre upmarket business park is about to come on stream, close to the older [redacted] estate of Severalls Park.

Thurrock on the River Thames, which once saw [redacted] rival [redacted] Docklands, has about 286 acres which could be made available [redacted] industrial and commercial use. Some of it, however, is degraded land, [redacted] as former chalk pits.

In Harlow and Basildon, developed [redacted] towns, land [redacted] available. The local council [redacted] Harlow has about 13 acres which could be approved for [redacted] commercial use including a five acre site in the town centre and another 150 acres of agricultural land which could be tapped if the demand arose.

At Basildon, the Commission for New Towns, which is charged with realising outstanding [redacted] left by the [redacted] town corporation, reckons there are 166 [redacted]ble for industrial and commercial use and 193 acres slated for residential purposes.

Prices vary. Before the recession industrial land in Thurrock was fetching £1m an acre. In the north of the county the going rate was nearer £500,000. At present, prices are notional as demand is flat.

County officials are in no doubt, however, that when the economy picks up and [redacted] fall further, there will be a strong market for developable land. Some feel that even the 1,500 acres may not be enough.

ARTS

CINEMA

Bonfire infusion

THE BONFIRE OF THE VANITIES
Brian DePalma

THE MIRACLE
Neil Jordan

SLEEPING WITH THE ENEMY
Joseph Ruben

IMPROMPTU
James Lapine

HIGHLANDER II
Russell Mulcahy

The Bonfire Of The Vanities, Tom Wolfe's novel now filmed by Brian DePalma, sug[redacted] forces are out to destroy the yuppie intelligentsia. In the book, you recall, a wealthy young stockbroker, Sherman McCoy, slides to ruin after he and his mistress accidentally kill a black boy in a Bronx hit-and-run incident.

In the process of raining neo-realist scorn on Wall Street's wonder-boys and their ethnic enemies, Wolfe's 600-page debut novel has been hailed as a Zola-esque masterpiece. DePalma's film, which crash-landed critically and commercially in America, has been hailed [redacted] disaster. Neither [redacted] endorsement.

Wolfe's novel is a hugely clever satirical construct peopled by cardboard cut-outs. The book's McCoy is a make-your-own-yuppie kit, just as his mistress Maria, [redacted] news-hound-pursuer Peter Fallow and his Nemesis the Reverend [redacted] 2D [redacted] whom Wolfe has wired for sound. It is the book of an essayist, not a novelist; a man for whom human beings are socio-satirical captions in search of a human contour.

In the movie Tom Hanks infuses the hero with [redacted] comic desperation and DePalma [redacted] whole story with [redacted] baroque, delirious glitter. The film [redacted] vertiginous camera angles, headlong tracking-shots, a *Kane*-like opulence of decor and a cast who enlarge Wolfe's caustic socio-ethnic labelling with [redacted] fruity humanity.

The movie's cocktail of tones – [redacted] farce, satire, *film* [redacted] – [redacted] surprisingly bold and in at [redacted] may be too bold for its own good. At trial's end the Bronx judge, a Jew in the novel but here played by black actor Morgan Freeman, steps down from his dais [redacted] deliver a heart-on-[redacted] – and [redacted] DePalma and screenwriter Michael Christo[redacted] clearly tongue-in-cheek – speech about "decency."

"It's [redacted] our grandmothers taught us" [redacted] maunders pseudo-solemnly on, while the trial crowd (and [redacted] movie audience) [redacted] in wonder. But it is all of [redacted] piece with a film which turns the single-tone acidity of [redacted] prose into an emotional kaleidoscope encompassing self-satire as well as satire. We expect nothing less from the director who brought us such post-modern melodra[redacted] *face* and *The Untouchables*.

The dismay of the new film's critics is partly understand[redacted]. Some attempts to shift the story into a higher gear merely produce [redacted] ugly [redacted] ing [redacted]. Bruce [redacted] drunken journalist Fallow, Americanised from Wolf[redacted] English original, is made brash and bibulous to the point of tedium. And DePalma's fast, elliptical cutting short-changes the gradualist horror of Sherman's slide to ruin [redacted] in the novel.

But the compensations are legion. Hanks's McCoy; Melanie Griffiths as mistress Maria, a fluting-voiced voluptuary almost sticky-to-the-touch with corruption; and the whole sense of a New York where, in [redacted]bscener intimacy than that of any [redacted] the story's louche love-pairings, the penury of the Bronx nestles cheek-to-cheek with the soaring splendour of Manhattan's skyscrapers.

★

In *The Miracle*, Irish filmmaker Neil Jordan returns to Ireland. After the debacle of *We're No Angels*, in which Robert De Niro and Sean Penn mugged away in a Mamet-penned frozen North, *The Miracle* is [redacted] warmly-told fable scripted by Jordan about [redacted] teenage boy (Niall Byrne) falling for an older woman (Beverly D'Angelo) in an Irish coastal resort.

It is Jordan's home town – Bray, County Sligo – and it is filmed with all the casual, weathered poetry we expect from a director returning to his roots. We may even be glimpsing Jordan's own teenhood in the tale of 15-year-old Jimmy [redacted]yrne) and ditto Rose (Lorraine Pilkington), the girl he platonically knocks around with, as they saunter the promenades trying to be budding writers and composing deathless prose.

But soon [redacted] are swept apart from [redacted] other, by romance. Jimmy [redacted] for [redacted] American woman [redacted] D'Angelo), [redacted] singer-actress touring with [redacted] down-at-heel production [redacted] *Destry* [redacted] *Again*. [redacted] falls [redacted] a [redacted] elephant-tamer, declaring "I've made it my duty to humanise the brute".

At its early best, the film moves around as if it has nowhere to go and enjoys going there. We could be in [redacted] with a heyday Bill Forsyth. But Jordan never trusts plotlessness for long and soon [redacted] hurling mysteries at us with the anxiety of a magician who [redacted] he cannot just stand around doing patter. Could Miss D'A be our hero's mother? Is she an old flame or ex-wife of his sozzled saxophonist Dad (Donal McCann)? If so, will Oedipal naughtiness be enacted before curtain-time dawns?

Under the hail of questions, Philippe Rousselot's cinematography has a cooler poise than anything else in the film. It catches the raggedy-grey days of a North Atlantic sea resort and the dream-bursts of red and blue neon that flower at night. Best of all, it follows Jordan into his dream sequences, where the ponderous symbolic arrangements of his waking plot are pixillated into a truer, brisker poetry. Here the Jordan of *Angel*, *Mona Lisa* and *Company Of Wolves* returns: an artist who can turn the power-play of human relationships into a darker, animistic dance performed in the womb of time.

★

[redacted] *With The Enemy* is a simpler piece of choreography. Take your partners for the Hollywood Conga. In [redacted] dance, one implausible plot development grips another around the waist, until the screen is filled with a procession of interlinked contrivances tripping the trite fantastic.

Beautiful Julia Roberts is terrorised by her husband, macho brute Patrick Bergin. Tired of being kicked and cuffed, and reprimanded for not lining up the bathroom towels tidily, she fakes her own death and flees the Cape Cod beach-house for small-town Ohio and a new life and love (Kevin Anderson). Bergin cannot get her here, she thinks. But [redacted] what. One day [redacted] bathroom towels [redacted] tidied . . . Written by [redacted] *Man*'s Ronald [redacted] and directed by Joseph Ruben (*The Stepfather*, *Dreamscape*), this thriller has screamed up $80m to date in the U.S. It shows that with deft pacing one can still programme picturegoers to jump six feet in the air when a door-knob turns of its own volition, or when a record-player thunders out "Dies Irae" though all its owner remembers possessing is a Tammy Wynette collection. Miss Roberts is fine and beautiful; Mr Bergin is fine and menacing; the rest is fine and amiably nonsensical.

"George, how are the children? How's the country?" "Fine, fine." George is George Sand (Judy Davis), she is falling in love with Frederic Chopin (Hugh Grant) and she has no time for small talk with her publisher (John Savident).Ah, the lives of great artists! *Impromptu* is directed by Sondheim collaborator James Lap[redacted] *The W*[redacted] from a script by his wife Sarah Kernochan. There should be crowd-control facilities for films like this, in which so many great geniuses from time past get together. (Compare the Lake Geneva gang and their movies). Here we have not just "George" and "Frederic" but Eugene (Delacroix), Alfred (de Musset) and Franz (Liszt). Occasional moments of human truth swim in and out of the [redacted]ebrity-spotting, but mostly this is two hours of biopic-degradable art history passably shot and acted.

In *Highlander II* someone asks Sean Connery how long he and title character Christopher Lambert have known each other. "It seems like an eternity" is the answer. Indeed so. In *Blade-Runner*-ish sets, our time-tripping heroes traverse an inconceivably tedious plot about ozone layers, interplanetary feuds and violent death. Russell Mulcahy directs, although in the mist, rain and shadows both he and we need infra-red vision.

Nigel Andrews

Tom Hanks and Bruce Willis in 'The Bonfire of the Vanities'

Coriolanus

ALDWYCH THEATRE

Coriolanus is among the most English of Shakespeare's plays, [redacted] anyone who has been part of a competitive, predominantly male English institution will appreciate. It is about the rivalry between two grown up schoolboys, one [redacted] them slightly superior and somewhat more establishment than the other, but not without mutual attraction.

The play also includes some of the English vices or virtues, like Coriolanus's arrogant modesty in refusing to submit himself directly to the populace when he needs their votes. It is not particularly political in the way (say) of *Julius Caesar*, the main political point being simply that the populace is fickle and can be easily manipulated.

There are, of course, other ways of looking at it. The English Shakespeare Company's version, presented at the Aldwych, is one of them. The Englishness has been removed; the play is set in eastern Europe. Gone, too, is much of the personal relationship between Coriolanus and his rival, Tullus Aufidius. Much of the [redacted] been played down. And with eastern Europe comes the familiar drabness of costumes and set. Coriolanus [redacted] dressed in [redacted] leather jacket and dirty jeans. The mo[redacted]nteresting characters in [redacted] version are [redacted] two tribunes of the people, who [redacted] Coriolanus from office then live [redacted] it.

Since [redacted] would be hard for [redacted] production of *Coriolanus* to be wholly bad, there are one or two compensations. For instance, [redacted] lively scene between [redacted] as they eat their [redacted] meal between serving courses at his banquet. There is something to be said for giving a decent role to the tribunes, and there is a bit of excitement in having the participants in the crowd scenes operate from positions around the auditorium.

Yet there are limits to how far [redacted] play [redacted] the [redacted] in pursuit [redacted] novelty. Michael Pennington's Coriolanus looks and behaves as if he had attended [redacted] Prague comprehensive rather than the English public school that has always seemed his [redacted] habitat. Volumnia, [redacted] mother, is supposed to be a woman of some nobility and stature. When she turns up to plead with her son not to sack Rome she is dressed like someone out for a walk on a wet day in the Lake District. There is no point in Coriolanus's line "My mother bows, as if Olympus to a molehill should in supplication nod" if all she does is slightly incline her head.

There is also something in the play about the grandeur and power of Rome. Not here: the transformation to a shoddy eastern Europe does not work because there [redacted] no equivalence. The production is perverse, and pointlessly so. It is directed by Michael Bogdanov.

Malcolm Rutherford

The Last Days of Don Juan

THE PIT, [redacted]

Here [redacted] original Don Juan, the damned elusive hero who inspired Molière, Gluck, Mozart, Pushkin, Byron, Zorrilla, Shaw and many others. Some of his acquaintances are less familiar; but it is astonishing how much of the black comic core of the Don Juan legend is already present. This production, which was first played over a year ago at the Stratford Swan, is the first British [redacted] *El burlador* [redacted] *Sevilla*, Tirso de [redacted] great play, [redacted] was probably written some [redacted] between 1616 and 1625. Reaching London now, it is confident, impudent and full of beans.

I arrived slightly late, [redacted] which I kick myself and heartily apologise. My compensation was the pleasure of hearing the actors before I entered the theatre; voices so sure, rhythm so firm. And then, on entering the auditorium, to see the audience already basking in the play's fun. Nick Dear's English adaptation (published last year by Absolute Classics) takes liberties, but with terrific flair.

Amid an altogether vivid ensemble, there are two glorious performances. Sally Dexter is Catalina, the cook who is shipwrecked with Don Juan, and whom he puts into male clothes and makes his lackey. She is, of course, the prototype of Mozart's Leporello and she keeps up a supply of irreverent wit even through the terror she feels when the stone guest comes to dinner. Dexter makes her the most human and multi-[redacted] in the [redacted] – a Northern guttersnipe, [redacted] and grubby but tough [redacted] spirited, resentful and loyal, honest and dishonest, and finally, just when we [redacted] it, confessing herself [redacted] susceptible to Juan's spell.

Just as fine is Paterson Joseph as Dona Anna's foppish, silly lover, the Marquis de Mota, whom Don Juan so easily dupes. Joseph has the audience in his hand from his first entrance, a strutting virtuoso circuit of the stage, eyeing up members of the audience, resplendent in his lemon-gold suit, his stiff lace [redacted], his pert little cane, ludicrously urbane and self-assured.

No one [redacted] performances quite so complete, but [redacted] the merit of Danny Boyle's direction [redacted] nothing [redacted] and that [redacted] breadth [redacted] the play is evident. De Molina and Dear have provided four juicy [redacted] Don Juan's [redacted] I find that it [redacted] Catherine White's Aminta, with her Irish honesty and sturdy pathos, [redacted] hangs now [redacted] my [redacted] Peter [redacted] Jersey has [redacted] touching absurdity as Duke Octavio, Duchess [redacted] lover, so absurdly innocent and over-enthusiastic even in formality. (He indulges a talent for throwing himself prostrate at people's feet.) Linus Roache is as perfectly relaxed as Don Juan should be. Where other men are being correct, he [redacted] simply himself; and he convinces wholly as a suave, cruel, funny voluptuary. He makes too little, however, of Juan's aristocracy, whereas the [redacted] makes [redacted] great deal [redacted] it.

Alastair Macaulay

In Dream

THE PLACE

On Tuesday night, London Contemporary Dance Theatre's second programme in tribute to Robin Howard brought a creation from Kim Brandstrup. *In Dream I Dream A Dream* is, unsurprisingly, set in a world of sleep. A girl lies on her bed, and the illogicalities of nightmare confront her with an emotional choice between a lover and a mysterious spirit that haunts her. Austerely excellent design by Fotini Dimou – The Place's back wall washed terracotta; three panels and a couch of the same shade – proposes an evocative dream setting. John Lunn's jazz score is no less potent, and is very well played. Brandstrup's choreography explores the repetitions and transformations of identity that are the logic of our sleeping selves. It is not easy to understand all that goes on, but, obliquely, a drama emerges as Paul Liburd (the Spirit) and Tom Ward (his Rival) contend for the heart of Leesa Philips as the Girl. A fourth character, identified as The Intriguer (Andrew Robinson), seems cast as Iago, and a group of three girls act as somewhat gratuitous chorus.

The piece is not forthcoming on narrative terms – what dream is, save to your shrink? – and, since the Spirit finally wins the girl, it might be seen as a reverse side of Brandstrup's earlier *Dybbuk*. A flaw, I find, is that the action is over-extended; outweighing this, though, is the sure sense of atmosphere created and the fluent dance writing. Brandstrup tells his tale in almost [redacted] *Dream* would make [redacted] powerful dance film. It is, even so, vivid theatre.

This programme [redacted] includes [redacted] film sprung from LCDT's creative life: Darshan Singh Bhuller's moving *The Fall*, which charts with compassion and no sentimentality the memories of a paralysed woman who falls from her wheel-chair. It stars the gifted Celeste Dandeker, who suffered grave spinal injury during a performance with LCDT in 1973. It is admirably acted and danced, and the BBC should show it again.

Two other pieces in the evening tell of the further range of LCDT's attainments. An electric account of Dan Wagoner's *White Heat* brought a cast whose energies seemed pitched at the temperature of the title and were marvellous. A revival of Richard Alston's very early *Something to do* – Darshan Singh Bhuller and Kenneth Tharp very cool and exact as the choreographer read a [redacted] trude Stein text – reminded us that Alston was LCDT's first rebel, his rebellion applauded by Robin Howard as an essential aspect of LCDT's work.

The new Robin Howard Foundation, launched by this season, seeks to remember Howard in continuing his policy of doing good by stealth in supporting dance projects [redacted] helping dancers. Of your charity, remember this admirable cause: full details from Janet Eager at the Robin Howard Foundation, 17 Duke's Road, London WC1 H 9 AB. Robin Howard still demands and merits our support.

Clement Crisp

Elder and Pountney to leave the ENO

Just a week after the announcement that English National Opera is to lose its general director, Peter Jonas, 44, comes news that the other two members of the triumvirate that have built up the reputation of the Coliseum in recent years, music director Mark Elder and director of productions David Pountney, both aged 43, are also to leave at the end of the 1992-93 season. They expect to freelance.

Before they go the trio hope to pay off the mounting deficit which is starting to plague the ENO. The current season, ending in July, is expected to make a loss of £800,000, producing an accumulated shortfall of £1.3m. To eliminate the deficit seat prices will be increased on average by just under 12 per [redacted] for [redacted] 1991-92 season, starting in August, and one planned production, of *Lulu*, has been cancelled.

The five new productions for next season have a decidedly popular look, and Peter Jonas hopes to make a surplus on the year of over £400,000. *The Marriage of Figaro* and *Die Fledermaus* join the repertoire, along with Verdi's *Don Carlos*, and productions of the little performed [redacted] by Humperdinck and a new opera, John Buller's *The Bacchae*, make up a much reduced list of fresh works.

This pulling in of horns follows an adventurous 1990-91 season which was mainly devoted to 20th century opera. It just failed to meet its box office targets, with the average attendance expected to finalise at 73 per cent, as against the 76 per cent of the preceding [redacted] and the 80 per cent of 1988-89. The biggest disappointments were the revivals of *Lear* and *Doctor Faustus*, both of which played to audiences of 50 pet cent. Attendances were obviously affected by the recession as well as by the challenging nature of the repertoire.

Antony Thorncroft

A Jamaican Airman Foresees his Death

THEATRE UPSTAIRS, ROYAL COURT

The latest outpouring of post-colonial indignation comes from the Guyanese poet Fred D'Aguiar who borrows his title from Yeats' war poem of nearly the same name. One might deduce from this that the death the young Jamaican volunteer was going to meet somewhere among the clouds above was his own. But the sting in D'Aguiar's tale is that the crack gunner Alvin does not die a hero. Instead, he lives to suffer the humiliation of a dishonourable discharge for shooting down a British 'plane – a casual accident which is wholly in keeping with the spirit of Yeats' complaint.

Like the Irish airman, the posse of hot-blooded Jamaican volunteers of which Alvin is a member, do not join up through any particular conviction [redacted] principle but [redacted] hotch-potch [redacted] personal [redacted] in an early chant: "I joined because I [redacted] men," [redacted] one. "I joined to [redacted] it's like [redacted] kill," [redacted] "I joined [redacted] I'm double-jointed," announces a third. And why not?

The play is written in an exuberant mixture of song, verse and dialogue and directed by Hettie Macdonald in a promenade format that embraces its imaginative sweep, while emphasising its structural and thematic shortcomings. It begins in Jamaica where the clouds of calypso part to reveal a crowd of excitable young bloods whose war lust is an extension of sexual gusto, blinding them to the misgivings of granny (Maureen Hibbert) and the warnings of a batty white seer (Jeffrey Chiswick) who compresses the play's anti-colonial message into a gleefully scatalogical parody of Churchill.

From there, we follow them (in staging terms, literally) [redacted] the [redacted] to England where they find themselves [redacted] not from [redacted] but from a racism ranging from street debaggings to assignment to all the most menial duties. Alvin, played with engaging innocence by [redacted] Smith, [redacted] the high-flyer [redacted] speed with [redacted] trigger wins him [redacted] in [redacted] air and respect on the ground.

It follows, according to D'Aguiar's theory of machismo, that Alvin's martial conquests are matched by a sexual one: he wins himself a pretty Scottish lass who introduces him to Yeats and urges him to marry her. Here the play begins to self-destruct. Their romantic dalliance (Alvin knows it can be nothing more) gets lost in a thematic crossfire that climaxes in the shooting down of the wrong 'plane. Suspended on a platform above our heads, Alvin recounts the incident in terms of a sexual encounter in which he fails to perform, leaving the woman to get on with it by herself.

It is very graphic and very grisly, encapsulating a streak of mysogynistic sexual obsession that seems in the last count to be more important to D'Aguiar than any political statement, reducing his play to a male version of Erica Jong's *Fear of Flying*, and apparently denying the fact that there is more to life and death than guns and willies.

Claire Armitstead

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

[redacted]bouw 20.15 Herbert [redacted] conducts Royal Concertgebouw [redacted] Nielsen's Third Symphony, with Antonio [redacted] in Shostakovich's Second [redacted] Concerto. Tomorrow [redacted] Sun: Vernon Handley conducts Netherlands Philharmonic. [redacted] 15.00: Valery Gergiev conducts Shostakovich symphonies (6718 345)

■ BERLIN

Deutsche Oper 19.30 Roland [redacted] Carmen, Balanchine's Symphony in C and Bejart's Rite [redacted] Spring (3410 249)
Komische Oper 20.00 Jorg-Peter Weigle [redacted] Orchestra of [redacted]mische Oper in concert of music by Gershwin, Ives and Schoenberg. Tomorrow: Die Zauberflote. [redacted] Cinderella (2292 [redacted]
Schauspielhaus 20.00 Aldo Ceccato conducts Berlin Staatskapelle in music by Ravel and Mendelssohn, with Homero Francesch piano, also tomorrow. [redacted] in Staatsoper: [redacted] Goldberg sings Tannhauser. Sun: [redacted] d'Hoffmann (2004 762). Sat in Schauspielhaus: Haitink [redacted] Dresden Staatskapelle (2272 [redacted]
Philharmonie Kammermusiksaal [redacted] violin [redacted] in a programme of Schumann, Milhaud and Arthur Lourie with Berlin Philharmonic [redacted] by [redacted] Venzago. [redacted] tomorrow, Sat [redacted] Sun (2614 383)

■ CHICAGO

[redacted] Hall 20.00 Georg [redacted] Chicago Symphony Orchestra in [redacted] Tippett's [redacted] Byzantium, with Jessye Norman, [redacted] Beethoven's Third Symphony. Tomorrow: [redacted] Otello, with Luciano [redacted] in title [redacted]. Sun: [redacted] National [redacted] Lyon (435 6666)

■ FRANKFURT

Alte Oper [redacted] Dmitri Kitaenko conducts Frankfurt Radio Symphony [redacted] in [redacted] Ein Heldenleben and Edison Denisov's [redacted] Concerto, with Fabian Menzel, [redacted] tomorrow. Sun at 11.00: Midori plays Sibelius' [redacted] Concerto [redacted] Frankfurt Opera Orchestra (1340 400)
Opernhaus 19.30 Marcello Viotti conducts Wolfgang Weber's [redacted] production [redacted] Die Zauberflote. Tomorrow, [redacted] and Mon: Slingerland, ballet by William Forsythe. [redacted] Les [redacted] d'Hoffmann (236061)

■ LONDON

MUSIC
[redacted] **Garden** 19.00 Gennadi Rozhdestvensky conducts Tarkovsky production [redacted] Godunov, with [redacted] led by Paata Burchuladze, Gwynne Howell, Robert Tear [redacted] Randova. Also Sat [redacted]
[redacted] sings title [redacted] in [redacted] conducted by Richard Armstrong, [redacted] Tomorrow: [redacted] 3161)
Royal [redacted] **Hall** [redacted] BBC Symphony [redacted] in Hugh Wood's Symphony and Brahms' First [redacted] Concerto, [redacted] Stephen Hough. Tomorrow: [redacted] conducts the RPO. Sat: Ashkenazy, Perlman and Harrell play Brahms piano trios. Sun: [redacted] Tortelier [redacted] the Philharmonia [redacted]
[redacted] **Elizabeth Hall** 19.45 Cecilia Bartoli in a programme of [redacted] songs [redacted]. Tomorrow's [redacted] (928 8800)
THEATRE
This [redacted] include Bill Alexander's RSC production [redacted] Much Ado About Nothing (Barbican); [redacted] Jones, [redacted] Hammerstein's Bizet-inspired [redacted] set in the US in [redacted] world war, directed by Simon [redacted] (Old Vic), [redacted] Bennett's stage adaptation of The Wind in the [redacted] directed by Nicholas Hytner (National) [redacted] Michael Bogdanov's English Shakespeare Company productions [redacted] The Winter's Tale and Coriolanus (Aldwych). Phone Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies [redacted] 430961 Thrillers 0836 430962

■ MADRID

Teatro Lirico [redacted] **Zarzuela** 20.00 Antoni [redacted] Marba [redacted] Pier Luigi [redacted] production [redacted] Handel's Rinaldo, [redacted] by Teresa Berganza. [redacted] till April 27 [redacted]
Auditorio [redacted] Juana Guillem, flute, [redacted] the Bellas [redacted] Quartet play music by Mozart. Tomorrow, [redacted] and Sun: Dvorak's [redacted] Mater, with Spanish National [redacted] and [redacted] (337 0100)

■ NEW YORK

MUSIC
Avery Fisher Hall [redacted] Neeme Jarvi [redacted] York Philharmonic [redacted] in Brahms' [redacted] 1, [redacted] Concerto for String Orchestra and Mozart's Clarinet Concerto, with Stanley Drucker. [redacted] tomorrow [redacted] 11.00, Sat [redacted] Tues. Tomorrow in [redacted] Tully Hall: Mitsuko Uchida plays Mozart. [redacted] piano recital by Vladimir Feltsman (874 2424)
Metropolitan Opera 20.00 [redacted] Levine [redacted] La Clemenza [redacted] with cast led by Roberta Alexander and Tatiana Troyanos. Tomorrow: Aprile Millo sings [redacted] role in Luisa Miller [redacted] 6000)
THEATRE
This week's [redacted] include acclaimed production [redacted] Neil Simon's play Lost in Yonkers (Richard Rodgers), Forbidden Broadway, mischievous satirical review by Gerard Alessandrini (Theater East), [redacted] comedian Jackie [redacted] one-man show (Neil Simon) and [redacted] Room [redacted] One's Own, with Eileen Atkins as Virginia Woolf in an adaptation by Patrick Garland [redacted] her [redacted] calling on women [redacted] declare [redacted] independence, talent and freedom to [redacted] their [redacted] destinies (Lamb's Theater). Ticketron (246 0102) [redacted] inquiries [redacted]

■ PARIS

Palais [redacted] 19.30 Opera [redacted] in Nijinska/Nijinsky programme, [redacted] and [redacted] (4742 5371)
Opera [redacted] 19.30 Philippe Auguin conducts Robert [redacted] production [redacted] Manon Lescaut, with [redacted] Daniels in [redacted] Moldoveanu as [redacted] Grieux, [redacted] Runs till [redacted] 4 (4001 1616)
TMP-Chatelet [redacted] Vladimir Ashkenazy, Lynn Harrell [redacted] Itzhak [redacted] play Brahms piano [redacted] 2840)
Chatelet Auditorium [redacted] Brigitte [redacted] sings [redacted]. Sat: Faure cycle [redacted] with piano quintets [redacted] Faure [redacted] (4028 [redacted]
Salle Pleyel 20.30 [redacted] Skrowaczewski [redacted] de Paris in Bruckner's Third Symphony and Berg's Violin [redacted], with Augustin Dumay. Tomorrow: the Berg [redacted] replaced by Mozart's Piano Concerto [redacted] 24, with Dmitri Bashkirov [redacted] 0796)
Centre [redacted] **Pompidou** 20.30 Peter Eotvos conducts Ensemble InterContemporain in first performances of music by Gerard Zinsstag, Ichiro [redacted] and Georges Aperghis. [redacted] tomorrow (4260 [redacted]

■ PRAGUE

Smetana Hall 19.30 [redacted] Belohlavek conducts [redacted] Philharmonic [redacted] in Prokofiev's [redacted] Symphony [redacted] Dvorak's Fifth, [redacted]

■ UTRECHT

Vredenburg 20.15 Vernon Handley [redacted] Netherlands Philharmonic [redacted] in Rakhmaninov's First Symphony and Chopin's [redacted] Concerto, [redacted] Kathryn [redacted] Sun: Valery Gergiev [redacted] Philharmonic [redacted] in [redacted] Third [redacted] Sixth symphonies (314544)

■ VIENNA

Staatsoper [redacted] sings [redacted] title [redacted] in Jenufa [redacted] Neumann, with Leonie Rysanek [redacted] Kabanicha. Tomorrow: Ariadne auf [redacted] (51444 2960)
Musikverein 19.30 [redacted] Quartet plays string quartets by Mozart, Eder and Ravel. Tomorrow, [redacted] and Sun: [redacted] Schiff plays [redacted] Fourth Piano Concerto with [redacted] Symphony Orchestra [redacted] by George Cleve. Sun [redacted] 11.00 and Mon: Academy [redacted] St Martin-in-the-Fields (505 8190)
Konzerthaus 19.30 Angel Romero, guitar, joins Kuchl Quartet for a programme [redacted] music by Boccherini and Castelnuovo-Tedesco (7124 6860)

■ WASHINGTON

Kennedy [redacted] **Hall** [redacted] Lorin Maazel [redacted] National Symphony [redacted] in Wagner's Siegfried Idyll, Jacob Druckman's Windows and [redacted] Symphony, [redacted] tomorrow, [redacted] next Tues. Sat at [redacted] Pinchas Zukerman [redacted] with English Chamber Orchestra (467 4600)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY
[redacted]
0600-0630 International [redacted]ness report
CNN
0500-0530 Moneyline
0800-0830 Moneyline
1230-1300 CNN Market Watch
1330-1400 [redacted]
2000-2030 [redacted] Today - a joint [redacted] pro[redacted] a [redacted] day's major [redacted]
2300-2330 [redacted] Today
0100-0130 Moneyline
Superchannel
0700-0830 Financial Times [redacted]ess Report
[redacted] minute business briefing broadcast [redacted] times between 0700 [redacted] 0800 [redacted] 2320 [redacted] only) [redacted] 0830 (Thurs only) Financial Times [redacted] Weekly

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CNN
0800-0830 Moneyline
0900-0930 World Business Today - a joint FT/CNN production
1540-1610 [redacted]
1900-1930 [redacted]
2110-2140 Your Money

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1800-1830 FT Business Weekly
CNN
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Thursday April 11 1991

How best to help the Kurds

GOVERNMENTS have this week been forced, belatedly and in the main by the weight of popular opinion, to respond more effectively to the huge humanitarian [illegible] by hundreds of thousands [illegible] Kurds fleeing from the retribution of President Saddam Hussein. The plight of the Kurds is one of several miserable consequences to flow from the military action needed to eject the Iraqi regime from Kuwait and needs to be addressed on two distinctly different levels, the human and the political.

What the Kurds need most in the short-term is what the western part of the anti-Sad[illegible] alliance should [illegible] be able to deliver. That is, suffi[illegible] food, shelter, clothing and m[illegible]lical supplies, together with a place where such aid can be safely distributed. None of these requirements is currently [illegible] met. There [illegible] no greater priority if more Kurds are to be saved [illegible]. Voters [illegible] were impressed by [illegible] size of [illegible] logistical commitment required [illegible] Kuwait are unlikely [illegible] forgive those political leaders who shirk [illegible] new challenge.

The idea [illegible] initially by Turkey [illegible] and [illegible] developed by [illegible] the European Community [illegible] refugees' [illegible] along the Turkish and Iranian borders [illegible] good one. The Kurds must be brought down from [illegible] tain [illegible] on lower, more [illegible] ground. They should also remain where possible on Iraqi territory. The regime in Baghdad [illegible] be told [illegible] keep its military [illegible] well [illegible] from the refugee area, as the US warned Iraqi aircraft [illegible] yesterday.

Second stage

Mr John Major, the British prime minister, [illegible] ventured much further down this particular road. On Monday he secured European support for a second stage, beyond the "safe [illegible]" [illegible], [illegible] would aim to return the Kurds [illegible] their home towns under the protection [illegible] UN or allied forces over [illegible]. Although vigorously discounted by British officials, such proposals would all too probably lead to a *de facto* Kurdish state; one that would, as Baghdad has indicated, have to fight for survival.

Well-intentioned though Mr Major undoubtedly was, such a far-reaching suggestion, involving the interests of so [illegible] countries, [illegible] more careful thought, preparation and consultation than it got. Worse, it served to raise Kurdish hopes with too little prospect of them being realised, not, let it be said, for the first time since the war to free Kuwait ended.

The purpose of successive UN resolutions passed after August 2 last year was to liberate Kuwait and break Saddam Hussein's military capacity to terrorise his neighbours. Most countries gathered in the coalition opposed to Saddam Hussein would like nothing better than to see all Iraq out from under [illegible] dictator's grip.

Political gamble

But [illegible] governments, including probably that of Britain, are prepared to risk the lives of soldiers by undertaking [illegible] equally perilous [illegible] gamble [illegible] doing the job [illegible] militarily. [illegible] they have put in place the [illegible] rigid, all [illegible] ing [illegible] applied [illegible] an [illegible] country. Iraq, dependent for [illegible] survival on oil [illegible] hermetically sealed [illegible] nomically from the rest of the world as it is possible to be.

There [illegible] danger [illegible] in crushing [illegible] lions against him by the Kurds in the north and the Shias in [illegible] of forgetting [illegible] of the defeat which [illegible] brought on [illegible] regime and country. He still [illegible] capacity to survive [illegible], but it [illegible] diminishing and will continue to do so.

The Iraqi people, essentially the Sunni Moslem minority who are dominant in [illegible], must be increasingly aware that there are no better pros[illegible] for them [illegible] their country while Saddam Hussein remains. It is much better that this message should be driven home by sanctions rather than offering Saddam Hussein an opportunity to rally his forces [illegible] what would inevitably [illegible] seen by many in Baghdad and [illegible] in [illegible] Arab world as a western attempt to [illegible] the [illegible] of Iraq.

Trying to bribe the voters

THE LOWER depths to which British politics can sink were plumbed yesterday when the Labour and Conservative [illegible] launched their [illegible] government election campaigns [illegible] the tune, sung in counterpoint [illegible], [illegible] "anything you can do I can do cheaper/I can do anything cheaper than you". In a normal year [illegible] ought [illegible] win any such contest without much difficulty, since it is undeniable [illegible] expenditure, [illegible] taxation, [illegible] higher in counties and districts controlled by Labour than in those managed by the Tories.

"[illegible] you can't," crooned Mr Bryan Gould, the [illegible] spokesman [illegible] government, early yesterday morning, as he flourished a list of prices for all councils that he claimed would average £140 per household [illegible] under Labour's "[illegible] rates" system than under [illegible] Conservatives' present vague plans, [illegible] taking into [illegible] per [illegible] knocked off by the chancellor in [illegible] Budget. Mr Gould's figures were instantly rejected as bogus.

[illegible] of scrutiny on [illegible] hustings should establish [illegible] that allegation [illegible] fair. Even if Labour's compendium of discounts is merely [illegible] product [illegible] political arithmetic, it [illegible] a [illegible] surprise: both the Tories and the Liberal Democrats had planned to challenge Labour to produce just such [illegible] list. It was [illegible] to change the refrain. "Yes we can," [illegible] the Conservatives, [illegible] went ahead last night with their populist Saatchi & Saatchi commercial, homing in on the high cost of Labour.

Easier time

Labour [illegible] easier song to sing, although, given the record of some of its councils, it may not be the more convincing one. Mr Gould has [illegible] worked-out policy [illegible] local government finance, re-packaged for publication yesterday. The first step is to return to the [illegible] rating system; [illegible] second [illegible] move [illegible] a property tax based on capital values, adjusted for rebuilding costs, repair and maintenance expenses and comparable rents. This four-part formula is vulnerable [illegible] charge that it [illegible] hope[illegible] complicated [illegible] put [illegible] practice, but the Tories cannot make much of [illegible] until they have [illegible] plan of their own.

They still seem some way from doing that. Until it happened it would not have been possible to believe that a government that [illegible] been in office for nearly 12 years would launch [illegible] local election campaign on [illegible] a £140 bribe, financed [illegible] the taxpayers' [illegible] pockets, and, for the rest, [illegible] promise of a consultative document, or documents, the week after next – without any indication [illegible] ministers will [illegible] made up their minds [illegible] then.

Government's delay

It is [illegible] the Conservatives' credit that, this time, they are attempting to address the financing, [illegible] and structure [illegible] local government [illegible] single package (as does Labour in yesterday's manifesto). It is [illegible] understandable that [illegible] an exercise should necessarily take a [illegible] amount [illegible] time (as it did for Labour). The indications are, however, that these [illegible] serve to [illegible] the government's delay, not explain it. The truth is [illegible] the Tory party is still deeply divided about how much of the old poll [illegible] retain [illegible] an adjunct [illegible] new property tax; as to the other [illegible] under discussion, they [illegible] ha[illegible] got nowhere.

If it is to avoid the frustrating experience of bring out new financial proposals only to [illegible] them universally derided as "son [illegible] poll tax" the government must [illegible] care on four points. Ideally it should abandon the idea of having a per person precept attached to its [illegible] property tax; if it [illegible] agree on that the [illegible] option [illegible] to keep the new impost [illegible] the [illegible] figure worth collecting. It should not be universal; people dependent on [illegible] pensions, or income support, should be exempt, even from the 20 per cent they pay [illegible] community charge regime. The separate poll [illegible] register should be scrapped; householders could be made responsible for declar[illegible] the number of inhabitants. Then [illegible] government would be [illegible] placed to point [illegible] [illegible] in [illegible] package. [illegible] could have [illegible] proper debate, rather than an auction.

Philip Stephens says the local elections on May 2 are a pivotal test of party strength

First shots in the decisive battle

The [illegible]piece campaign battles will focus on the poll tax. But the verdict of the [illegible] in next month's local elections should tell us a lot more than their judgment on the best alternative to the Conservatives' scuttled flagship.

For the Conservatives, the results on May 2 will provide the first real test of whether repentance is enough: whether the despatch of Mrs Margaret Thatcher has persuaded the voters to forgive the government for the pain of the past two years.

For Labour, the outcome will indicate whether a conversion to social democracy that might well have defeated Mrs Thatcher can do more than run a close second to the more humane face of Mr John Major.

The Liberal Democrats will be snapping at their heels, intent on demonstrating that their recent success in the Ribble Valley by-election marks the launch-pad rather than the high point of their recovery. Mr Paddy Ashdown, the Liberal Democrat leader, can never [illegible] prime minister but on current trends he must have [illegible] chance of a veto on the occupancy of 10 Downing Street.

So if an emphasis on the minutiae of poll tax, fair rates or local income tax bills extracted the political drama from yesterday's campaign launches, the parties have no doubt about the stakes they are playing for.

Some voters will undoubtedly be influenced by local prejudices and preferences rather than the national mood. For most, however, May 2 will be the chance to say whether the Conservatives are competent to govern, or Labour competent to replace them.

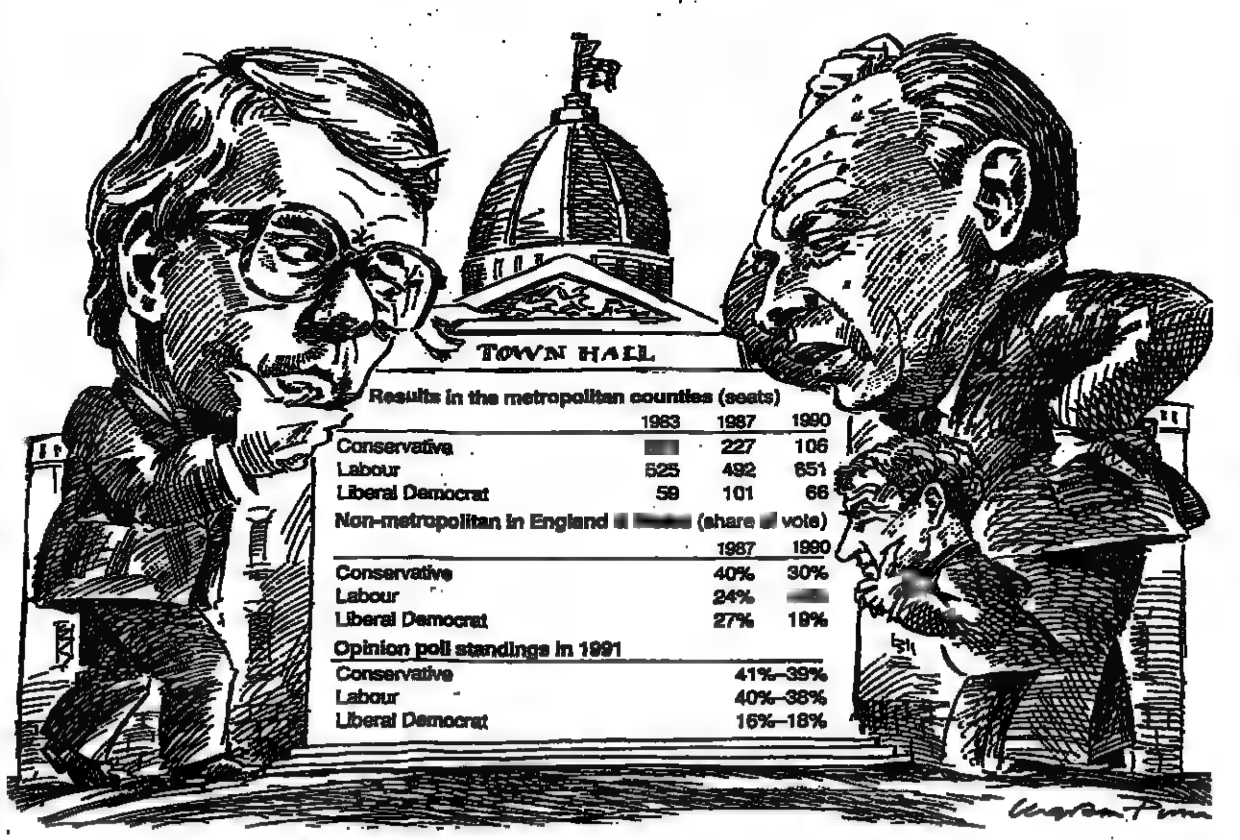
With more than 12,000 council seats at stake and some 30m people in 475 parliamentary [illegible]stituencies eligible [illegible] vote, the [illegible] will [illegible] of the general [illegible] latest by the middle of next year.

A spectacular victory for Mr Major – [illegible] nothing [illegible] present suggests he will secure one – would allow the pattern [illegible] and [illegible] repeated. A general [illegible] would follow [illegible] June.

But [illegible] May [illegible] the government [illegible] Labour in the polls. A strong SDP-Liberal Alliance – holding 27 per cent of votes against Labour's 31 per cent – left the opposition to Mrs Thatcher hopelessly split.

Now, the most favourable polls put the [illegible] five points ahead [illegible] Labour. A more realistic assessment is that the two parties are neck-and-neck at about 40 per cent, with the Liberals trailing at some 17 per cent. The swings in opinion are more volatile than at any time in recent history.

The government is prepared to go to the electorate in June. Mr Chris Patten, the party chairman, is drafting a manifesto. But his colleagues will be as surprised as anyone if that manifesto is published before October.



Results in the metropolitan counties (seats)

	1983	1987	1990
Conservative	[illegible]	227	106
Labour	525	492	651
Liberal Democrat	59	101	66

Non-metropolitan in England [illegible] (share [illegible] vote)

	1987	1990
Conservative	40%	30%
Labour	24%	[illegible]
Liberal Democrat	27%	19%

Opinion poll standings in 1991

Conservative	41%–39%
Labour	40%–38%
Liberal Democrat	16%–18%

Many expect it to remain at the printers until 1992.

The [illegible] months [illegible] Mr Major's premiership have not been as bad as they have sometimes looked. If the Gulf victory produced an unsustainable bubble in the government's popularity, the underlying trend in the opinion polls has been favourable.

After 18 months in which Labour's lead was never less than 10 points and was frequently above 20, a return to level pegging looks no mean achievement. Overall, the voters like Mr Major's combination of [illegible] economic orthodoxy [illegible] much [illegible]ric, [illegible] some substance, on [illegible] responsibility.

Mr Major [illegible] political instincts are broadly in tune with those of the electorate. They want sound money – witness Labour's conversion – but they also want decent public services. But popular and affable pragmatism is not enough – as Mr Major has discovered since the Budget. The £4bn switch in financing from local authorities to VAT to cut the average poll tax bill by £140 was supposed to cut the Gordian knot.

Instead, the subsequent differences within [illegible] cabinet – and more [illegible]ously on the Tory back benches – on the exact shape of its new "people and property" tax have left the government looking shaky and unsure.

The poll tax became a potent symbol of Mrs Thatcher's authoritarianism. Its protracted demise now risks becoming an equally powerful, if unfair, symbol of her successor's inde[illegible]. Dispassionate [illegible] reject the charge. [illegible] senior [illegible] who sees Mr Major regularly regards him as the most clear-thinking politician he has met. Others insist he is careful and thorough rather than indecisive.

But the "ditherer" label is begining [illegible] stick. A poor speech at the Tories' spring conference, delays [illegible] the replacement for the poll tax, and reaction to the Kurdish crisis, first slow then too rushed, have made Downing Street look at best amateurish and at worst unable to make up its mind.

All [illegible] is powerful ammunition for a Labour party that has become adept at heaping salt by the bucket-load into the Tories' self-inflicted wounds.

Labour's [illegible] "fair rates" alternative [illegible] the poll tax does not provide a cost-free [illegible]. The claim that it would knock another £140 off the [illegible] household bill is [illegible] mixture of credible arithmetic [illegible] hand.

Mr Kinnock, however, radiates the confidence of [illegible] politician who [illegible] that as long as the government is in a muddle, no one will look too carefully at his alternative. But he has to offer more than carefully-crafted sound bites about dithering and division to be confident of replacing Mr Major in Downing Street.

The message of the opinion polls is that Labour has shed much of its reputation for extremism. The voters are increasingly persuaded by its case for higher spending [illegible] public services. Its copyright on the vision of an opportunity society looks robust.

The less palatable sub-text is that despite the government's mismanagement, a broad swathe of floating voters has yet to be convinced that Labour would run the economy competently enough to deliver on its promises.

In next month's elections Mr Kin[illegible] must score victories not [illegible] in [illegible] general election battlegrounds [illegible] the north-west and the Midlands, but he must also show that Labour has regained the trust of more affluent voters in the south-east.

The extent to which Labour [illegible] consolidate its grip on councils at, say, Brighton, Cambridge, Southampton and Exeter will be just as important as whether it can win back Nottingham or Solihull. It must demonstrate that the expected fall in the Liberal Democrat vote since 1987 marks a return to Labour respectability in the south.

Labour [illegible] not have much time. The conventional wisdom is that all the pressures are on the government. It must decide between now and June 1992 when to call the general election. But as the months tick by the Tories can rely on an improving economy – above all a sharp fall in inflation and mortgage rates – to erase some of the bad memories.

Mr Major can probably afford to dither – or consider carefully – for another few months. Mr Kinnock needs to win convincingly on May 2.

Statistical pointers and pitfalls

David Butler examines voting patterns in the 1980s

In 1983 and 1987 they burned the midnight oil in Smith Square after the May local elections before telling Mrs Thatcher in her Chequers weekend retreat that she could safely call a general election. In three weeks Conservative Central Office will doubtless provide Mr Major with an equally sophisticated analysis of the figures – but the conclusion is likely to be very different.

The results on May 2 cannot by past standards be good for the Conservatives. Unless nationally they are heading for a repeat of the 1987 parliamentary landslide, they are bound to lose seats in this year's local contests. They can afford to lose a few – but are likely to lose more than that.

Some warnings [illegible]. Election results are usually assessed not [illegible] absolute standards but against manufactured expectations. In 1990, when the Conservatives had their worst result since the war, Mr Kenneth Baker had taught the media to judge the outcome in terms of what happened in Wandsworth and Westminster – and those two deviant triumphs swamped the message from almost every other borough and district. This year, even if the Conservative vote is much higher than in 1990, Labour spin doctors will be [illegible] to [illegible] a [illegible] loss of seats [illegible] last year because last year had to be set against the Conservative trough of [illegible] this year the contrast is with the high point of 1987.

A second warning. This year's elections offer an unsatisfactory test of [illegible] opinion because no one is voting in London or in Scotland. In 151 of the 369 districts in England and Wales, which include almost all substantial towns, a third of the councillors come up for re-election. In the remaining 218 districts, mainly the smaller rural authorities, the whole council is at stake. Boundary changes are switching a number of towns to the "all out" category just for this year.

A third warning. The poll tax issue may distort the results locally and nationally. Last year the row was at its peak and it stimulated the highest turn-out in any year since the war, leading to the largest [illegible] from [illegible] uniform national swing. This was most notable in the London boroughs but it also happened in cities such as Derby and Bradford.

Local elections normally give a worse result for the government than current opinion poll trends suggest. This year the greater-than-usual hubbub about local government may further distort the relationship.

Even so, it is still worth focusing on the hard figures. In most large authorities a third of the councillors retire each year; the 1987 cohort comes up for re-election on May 2.

The best years for the Conservatives in local elections since they took office were easily 1983 and 1987; 1990 was the worst. [illegible] the [illegible] in the 36 boroughs that made up the late (and unlamented) metropolitan counties. A third of the seats are being fought in each of them.

If the [illegible] were to lose fewer than 120 metropolitan seats they would at least be doing better than in last year's disaster. Unless they can keep their losses below 60, they could hardly hope for a parliamentary majority in a June election.

Unlike the metropolitan districts other districts in non-metropolitan England and Wales are not predominantly Labour. Their results are more diverse and statistically confusing. It may be simplest to judge by votes.

The latest opinion polls give a picture which certainly presages Labour gains (see chart). The Conservative and Labour parties are each running at about 40 per cent. The Liberal Democrats are at about 17 per cent. Labour's standing is well above its 1987 level – but not as high as in 1990. The Liberal Democrats are well behind 1987 but far ahead of 1990; and they always seem to fare a lot better in local elections than the national indicators would suggest.

The Liberal Democrats hope to win control in some key southern cities, such as Cheltenham, Eastbourne, Winchester and Colchester, and of moving to a balance of power position in others. But Labour's possible gains are more impressive – Cardiff, Nottingham, Plymouth and Derby. Perhaps the best of possible Conservative triumphs would be to establish full control in Chris Patten's Bath.

The author is a fellow of Nuffield College, Oxford.

OBSERVER

Th[illegible] Hurd instinct

■ Douglas Hurd, Britain's foreign secretary, achieved [illegible] one thing on his [illegible]tive trip to Hong Kong and China. He impressed [illegible] HK [illegible] enough for them to put him on their list of possible future governors of the colony.

Presumably their instincts tell them he may need a job after the next election – but that's to presuppose the sitting [illegible], Sir David Wilson, will by then have gone.

Certainly, to judge by [illegible] local media, [illegible] future is once [illegible] speculation. And yet again Henry Keswick, chairman of [illegible] Matheson Holdings, is thought to be behind the speculating.

From his London office, [illegible] he sometimes [illegible] be running an alternative government-in-exile, he [illegible] suspected of having inspired recent criticism of the present governor in [illegible] South China Morning Post.

Although Wilson completes five yea[illegible] as governor in early 1992, the expectation was that his term would be [illegible] for two years or so. Only then, it was assumed, would a more political replacement [illegible] in for the run-up [illegible] 1997 when China takes [illegible]. But failure to get Chinese agreement on Hong Kong's new £7bn airpo[illegible] [illegible] questions whether that timetable should change.

It is true Foreign Secretary Hurd has expressed complete faith in Wilson, who has the added strength of being an expert sinologist. But he has been criticised for being [illegible] soft and lacking in leadership. Nor has his sinology evidently helped in [illegible] year of mounting chaos over the airport.

The problem [illegible] whether there's anyone better to [illegible] him. Another diplomat would hardly help, and there aren't many political eminences around. David Owen is being canvassed by one or two businessmen, but his personal [illegible] would scarcely suit. Sir Geoffrey Howe [illegible] another possible, but he's not popular with China.

Hence the [illegible] of Hurd.

Kilroy for guv

■ When [illegible] trouble, [illegible] for Kilroy. Howard of that name, one of Irish business's heavy hitters, has long been the right-hand man of packaging tycoon Michael Smurfit. But [illegible] now developing into [illegible] star in his own right.

Having [illegible] into [illegible] chair of troubled Waterford [illegible], [illegible] larger-than-life Tony O'Reilly has a big stake, Kilroy is taking over as governor of the Bank of Ireland, which has [illegible] through a rough patch.

This time he can probably thank Tony Ryan, high-flying [illegible] of GPA, who [illegible] reputedly none [illegible] pleased with his 5 per cent investment in the bank, which is Ireland's [illegible] biggest. He helped ditch its chief executive Mark Hely Hutchinson, six months [illegible].

While Kilroy's banking experience [illegible] limited, he probably [illegible] tions than Peter Sutherland, Ireland's former EC man who recently took over the helm at AIB, BoI's main competitor. Known as a tough, [illegible] cutting operator, 55-year-old Kilroy is just the man to restore confidence [illegible] BoI.

Passing it on

■ Newcomers to the City may now find [illegible] being inculcated in its mysteries by one of England's greatest ex-rugby players, Andy Ripley. With poetically named partner Dylan Thomas, Ripley runs Dart – [illegible] company providing financial [illegible] accountancy training to young bankers.

Known on the field for flowing hair as well as forceful running, Ripley may have seemed an unlikely City recruit. But he had a long banking career until, two years ago, he left United Bank of Kuwait to go on his own.

He has kept his sporting links, as a partner in the recently opened Espree Leisure health and [illegible] club in Royal Mint Court (where fellow England forward and coach Roger Uttley is [illegible] involved), and as chairman of a Devon-based company making rugby scrummaging machines.

Ripley is suitably diplomatic about the national [illegible] successful but critically-mixed season. "England won the games but they didn't always win the applause" he said. "But I'm one [illegible] those old buffers who thinks it's never as good as when I was playing."

"I want a perm, and everything on Nancy Reagan and Frank Sinatra."

Oily

■ Greenpeace is getting to seem too good to be true.

When its ship Solo leaked [illegible] gallons of oil into the New Maas river by Rotterdam, the environmental pressure group duly reported itself to the police, as well [illegible] clearing up the pollution.

All [illegible] a faint odour of sanctity.

Last puff

■ Who'd [illegible] thought anti-smokers would get the upper hand in France, one of the [illegible] lands left where smoking at meals is often still countenanced?

Yet the unthinkable has happened. The country's [illegible] trendiest cigarette brand has just been stubbed out – dragged from the market [illegible] only [illegible] following [illegible] fascinating row between the anti-smoking Health Ministry and the pro-French tobacco industry Budget Ministry.

The dispute flared when Chevignon, maker of nostalgic [illegible] gear for young[illegible], lent its name to a new cigarette made by Seita, the [illegible] monopoly.

While [illegible] supposed [illegible] make profits, Prime Minister Michel Rocard was quick [illegible] point out that neither is it supposed to undermine government attempts to curb smoking.

Not only [illegible] a 1976 law - hitherto rarely observed - outlaw the use [illegible] tobacco brand names on consumer products, but the parliament has [illegible] a law to ban cigarette advertising completely from 1993.

So, after a man-to-man talk with Health Minister Claude Evin, Chevignon's chairman Azoulay decided to stop using his firm's name on the brand. Then came an announcement from Seita that it would stop making Chevignons.

"Wise decision," says Evin.

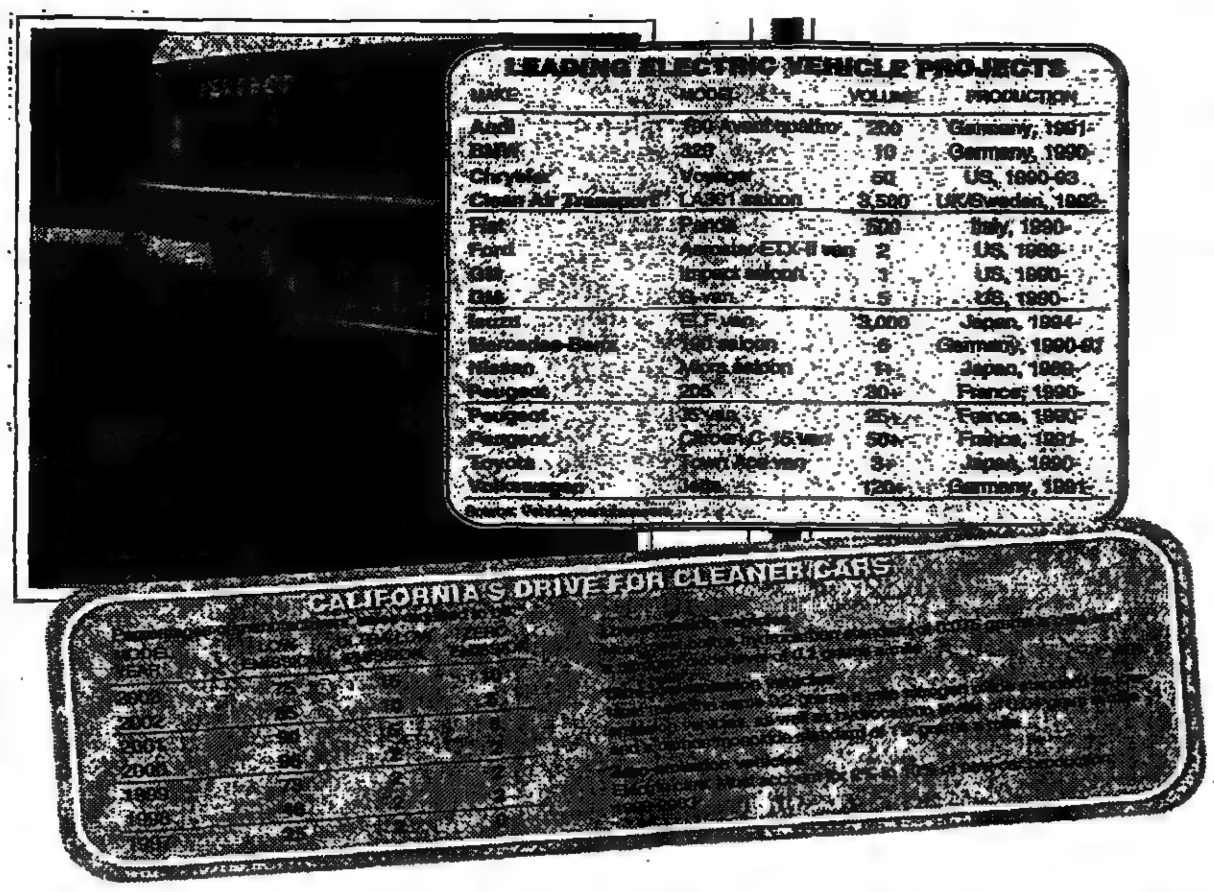
Next question

■ [illegible] impact will a change of Britain's government have [illegible] industry?

A London conference on the topic has just been cancelled for lack of interest.

Fresh charge of the electric brigade

Spurred by clean-air legislation in California, manufacturers are gearing up for battery-powered cars, says John Griffiths



Sceptics may still scoff. But it finally seems as if the electric car, declared by a succession of over-optimistic proponents to be "just around the corner" for nearly a century, may be accelerating towards viability.

The idea is being driven no longer just by the enthusiasm of its backers but by legislation drafted by the Californian state government, which is increasingly desperate to clean up the smog from 8m cars owned by the 12m inhabitants of the Los Angeles basin.

An increasing number of leading vehicle makers accepts – belatedly – that serious, low-pollution alternatives to petrol and diesel engines must be brought into production, even though big cost and technology difficulties still lie in their path.

The Californian legislation requires [illegible] per cent of all cars, vans and light trucks sold in the state in 1998 to be "zero emission" vehicles (ZEVs), rising to 10 per cent in the year 2003.

Barring the emergence of some unanticipated new technology, or unexpectedly rapid progress in hydrogen-powered vehicles – whose exhausts emit only steam – "ZEVs" can only mean vehicles powered by batteries.

The Californian legislation means 30,000 sales in 1998 rising to 150,000 a year in 2003. That is not much in a world where nearly 1m cars are produced every *week*. But it should provide just enough of a guaranteed market to end the catch-22 which for decades has bedevilled market-led attempts to create an electric vehicle industry: whereby low sales inflate development and production costs, and high costs depress sales.

More to the point, where California has led in tackling car pollution, the rest of the world has tended to follow. It was, after all, the birthplace of the catalytic converter.

The Californian legislation is not only about "ZEVs". It incorporates a progressive tightening of the screw on all car and exhaust emission standards. This has sent vehicle makers and the oil and related industries into a flurry of activity to find alternative fuels and engine technologies capable of powering required "low-emission"(LEV) and "ultra-low-emission"(ULEV) categories of cars from 1997. The cost to manufacturers of meeting the Californian standards is likely to run into billions of dollars.

It is expected to account for up to a third of the [illegible] and [illegible] budgets of manufacturers wishing to retain a presence in the Californian market. And all do, given the more than 1m new car sales the state absorbs every year.

Despite the hefty technological challenge, incorporating high costs, short range and poor road performance, milestones are being passed at increasing speed:

● General Motors, Ford and Chrysler, the big three US vehicle makers, have just concluded an agreement with the US government under which a total of more than $1bn (£560m) will be spent over the next 12 years to develop advanced battery technologies capable of yielding greater range, better performance, more efficient recharging and lower costs.

● GM has formed GM Electric Vehicles specifically to produce, market and distribute electric cars and vans. It has designated a plant at Lansing, Michigan, to manufacture a purpose-built electric car based on the Impact, a prototype already shown to be capable of up to 100 mph and a range of 120 miles. The plant is expected to come on stream in late 1993.

Another GM plant, at Van Nuys, California, may be used to build an electric "hybrid" van which, like the Impact, would use only battery power within the city but would employ a small on-board diesel running at constant speed to recharge its batteries during out-of-town highway use.

● Ford, which has been working on a number of electric vehicle projects including a seven-seater minivan, has said that it is is "definitely in the EV business for 1998". Yesterday it announced it is to build a fleet of 100 vehicles next year to gain manufacturing experience.

● The [illegible] Peugeot group recently signed an agreement to supply Hong Kong's China Light and [illegible] utility with a [illegible] of 50 electric [illegible]. According to Mr [illegible] Helmer, director responsible [illegible] EV activities, Peugeot has embarked on a three-phase programme for the volume production of electric cars and vans. It expects the European market for such vehicles to jump from a few hundred a year now to 50,000-plus a year from about 1995.

Peugeot insists that the vehicles can be price competitive, with one important proviso: batteries would have to be leased rather than purchased – in other words, treated as a fuel, rather than capital, cost. It gains support for this view from recent research by the Boston Consulting Group, which concludes that Europe's higher petrol prices should make it an easier market than the US for the battery car.

With environmental concerns growing in Europe, Mr Helmer expects a market of 9,000 cars and vans a year as early as 1993 – even though initial sales are expected to be for specialist buyers such as electric utilities.

● In December production began in Canada of an electric version of General Motors' G-Wagon van – part of another significant Californian move to hasten the arrival of the electric vehicle: the "Los Angeles initiative". Drawn up by Los Angeles city council with the support of the region's utilities and clean air board, this aims to put 10,000 electric vehicles on regional roads by 1995.

But it is Britain and Sweden that are moving fastest. At Worthing, on the south coast of England, work has begun on the car which is the biggest single ingredient of the LA initiative. It is is designed by International Automotive Design (IAD), one of the world's largest vehicle engineering consultancies, on behalf of Clean Air Transport, the Anglo-Swedish group that won a contract to supply 3,500 LA 301 cars, starting at the end of this year, for the initiative.

From 1993, production will move to LA. The city council, LA Water and Power and Southern California Edison, a power generator, have so far contributed £7m to the LA 301's development, representing about a third of the project cost.

Nor is this IAD's only EV project. At the end of last year it set up a test and development centre at Redditch, in [illegible]e UK Midlands, devoted specifically to EVs.

It is in California that these plans will stand or fall. And there the big question is: will consumers be prepared to buy a vehicle that is likely to cost more than a conventional car, to travel more slowly and almost invariably be confined to town?

Sir John Samuel readily acknowledges that, until "superbatteries" come along and economies of scale improve significantly, the idea of ZEVs replacing ordinary cars is a nonsense.

But Los Angeles is a wealthy market where many drivers own more than one vehicle, he points out. The £25,000 LA 301 has been designed on the basis that buyers will use it in town, and switch to a conventional vehicle for inter-city trips. "LA has got all the right ingredients – it's desperate for alternatives, and people have got sufficient money to do something about it," he observes.

Even so, all involved with the Cali[illegible] legislation acknowledge that the task of marketing electric vehicles is formidable. The LA council and other local bodies are co-operating to set up vehicle distribution and service [illegible] and have begun coaxing business fleet operators into using them. Federal and state financial incentives to purchasers are also under consideration.

Paradoxically, such incentives are widely available in Europe, even though the electric vehicle population is tiny. France, Germany and Italy refund some or all of the difference between a battery car and its conventional equivalent; the UK does not impose road tax.

Infrastructure problems, however, loom large. Mr Marvin Braude, the LA city [illegible] has led the initiative, acknowledges [illegible] its department [illegible] power could provide only enough electricity to recharge 275,000 vehicles a day with existing capacity. But he says that more could be built, and that the extra power station emissions involved would still leave Los Angeles's air 97 per cent cleaner.

Los Angelinos could also face "encouragement" of a different sort. The city council is reviewing building codes to require new shopping centres to have recharging facilities, preferential parking for ZEVs and tax breaks to operators. Today LA, tomorrow the world?

BOOK REVIEW

She did it her way

NANCY REAGAN: THE UNAUTHORISED BIOGRAPHY
By Kitty Kelley
Bantam Press £16.99

This genuinely useful book on home economics can be wholeheartedly recommended. It will be particularly useful to the aspiring executive, of either sex, who understands that a successful business career may depend on an active domestic social life.

There are valuable tips on large dinner-place settings and menus, of which perhaps the most important are never to rely on an Austrian chef and to pay particular attention to the juxtaposition of sliced avocado and juliennes of carrots when entertaining British royalty.

Relations with tradesmen and suppliers matter, too. The preferred technique, especially in dealing with high-class shoemakers, couturiers, jewellers and hairdressers, many of whom seem to be called Rosencrantz and Guildenstern, is to order the most expensive items, but never actually to pay for them. This may be tested on any Saturday morning in any high street.

It is also very important to keep the domestic staff in order. While a sheer reign of terror helps, an indispensable asset is a chief deaverman. He can be counted on to frustrate and, if necessary, fire a subordinate or disloyal stockman, baker, [illegible] or [illegible].

At the critical moment in any rise up the [illegible] hierarchy, it is apparently absolutely vital [illegible] suborn the proprietor and [illegible] director of your local newspaper. This should guarantee favourable coverage of such stylistic innovations as one may make, though [illegible] may [illegible] between the Washington Post and the Islington Gazette.

Friends in the right places also help. These ought to be independently wealthy, [illegible] may include [illegible] popular singers, regardless of their previous political and criminal affiliations, even to the point of the disposition of sexual favours. However, you should be warned that British royalty may not share your preferences in this regard.

This mine of useful information is all to be found in the words and deeds of the subject of this unauthorised biography, Anne Frances Robbins, who changed her name to Nancy Davis on being adopted by her stepfather, a prominent neurosurgeon. She later became known as Nancy Rea[illegible] on her marriage [illegible] a minor film star [illegible] somewhat louche career was pretty much approximating her own in its lack of development.

The contention of the biographer, Kitty Kelley, who has previously written on such indisputable style makers of our time as Frank Sinatra, Elizabeth Taylor and Jacqueline Kennedy Onassis, is that if you manage things right at home all else is possible. Any children should be seen, but not heard, and, if heard from, silenced, disowned or placed in a *corps de ballet*.

The fact that Mr Reagan subsequently became governor of California and president of the United States is testament to the [illegible] of this approach. And indeed, if the spouse makes it up [illegible] ladder, there may well [illegible] substantial returns for those inclined to influence public policy.

So it appears that, when not entertaining ageing popular [illegible] first lady, paying [illegible] the opinions of her local newspaper, was the in-house voice of liberalism in a generally very conservative environment. For example, she believed in arms control when her husband did not.

This, however, was relative and did not extend to her cancelling a dinner party on the night after John Kennedy was assassinated. Nor did it make her tolerant of the more liberal positions, and cheaper dresses, adopted by her principal social rival, [illegible] Mrs Gorbachev.

It may be [illegible]vagant to claim, as the author comes close to, that this humble homebody actually ran the country, as well as the White House. However, a double handful of other books, some by professed admirers of the Reagans such as Peggy Noonan, the presidential speech writer, has also painted a picture of a husband who more often than not did not seem to be entirely there. It makes you think.

Jurek Martin

LETTERS

Laisser faire of the privileged is what hurts the world's poor

From Mr James Skinner.

Sir, In leaping to the defence of capitalism, Lord Bauer (Letters, April 9) has distorted the case made by the Bishop of Oxford, the Rt Rev Richard Harries, and so missed the point of his article.

To dispute the fact that international debt has an adverse effect on the poor, on the grounds that it accounts for only a small proportion of national income, is a mischievous misuse of statistics. World Bank figures show that in 1989 debt in sub-Saharan African countries represented 92.8 per cent of gross national product and debt service accounted for 20.8 per cent of exports of goods and services. In the same year the total net transfer of resources from all debtor countries to the creditor countries amounted to $42.9bn.

The impact of this economic phenomenon tends to fall hardest on the poorest and lightest on the richest because, like everyone else, the rich and powerful whether they are capitalist, communist or neither, give priority to their own welfare. The poor and impotent have to make do with what is left over. The result is excessive emphasis on export earnings at the expense of food production, social [illegible]lfare and conservation of natural resources.

Lord Bauer is right to deplore the suffering caused by the misconception that the incomes of the well-off have (necessarily) been extracted from others. However the greatest suffering is being inflicted on the poor by the tacit consent of well-off people of all nations to do nothing about institutions which serve their own interests well enough. It is that comfortable *laisser faire* of the privileged which Lord Bauer is championing and which the Bishop is challenging.

James Skinner,
Heron House,
Chiswick Mall, W4

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

Traffic crisis needs radical approach

From R.S. Dobson.

Sir, Your article on road traffic congestion ("Pile-up in the great car economy", April 9) recognises the inevitability of deadlock if measures are not taken to control the demand for road space.

This possibility is examined at length in the report "Congestion" published by the Institution of Civil Engineers in 1989.

This concluded that road pricing was the only practicable way forward, and your article endorses this approach. But what your article does not do is make plain that any plan to tackle the problem of congestion on our roads will not succeed without a radical change of approach to transport and planning on the part of government.

Road pricing will alter the relative cost of travel in congested urban areas and encourage a shift in demand towards public transport. Unless, however, this is provided [illegible] acceptable standards, public [illegible]tance of road pricing will not be forthcoming.

Better quality public transport, which could be financed from the proceeds of road pricing as your article suggests, is therefore vital. It depends upon a co-ordinated approach to transport provision which sits uneasily with the current approach of the Department of Transport, which favours a fragmented and compartmentalised approach to transport provision.

This is made worse by methods of investment appraisal biased against public transport provision.

Road pricing will only work if government is prepared to offer much greater co-ordination of different modes in its transport policy and can substantially improve the use of existing resources.

R.S. Dobson,
director general and secretary,
Institution of Civil Engineers,
Great George Street,
Westminster,
London SW1

From Mr Ronnie Barden.

Sir, Richard Tomkins argues for road pricing to be tried. The London Boroughs Association, a conservative-controlled multi-party organisation, has been pressing the government for a year to commission a comprehensive study.

There are, of course, formidable problems, but that is precisely why road pricing should be tested. The government sees it as a long-term option. But why not study it now? London's traffic pollution affects human health, contributes to acid rain and global warming and regularly breaches international guidelines.

Quite how bad does congestion and air pollution have to get? Action is urgent. Road pricing may be long-term but a study should start tomorrow, alongside new policies on immediate traffic reduction.

Ronnie Barden,
chairman,
Environment Committee,
London Boroughs Association,
23 Buckingham Gate, SW1

NEDC conclusion is not the answer to congestion

From Mr E.N. Addison.

Sir, Only a National Economic Development Council working party, headed by an academic, can come to the conclusion that the main determinant to persuade the commuter to drive to work is free parking in the company car park ("Rethink on company car parks urged to beat jams", April 9).

Anyone else would realise that there is a multitude of cars parked on roads because there are no car parks available and that their drivers do not wish to use the public transport system [illegible] it is uncomfortable, unreliable and unsafe.

The originator of the largest number of proposals that have not been accepted by any government in the past two or three decades, the NEDC is providing yet another tract of negative thinking.

After so many years of failed policy proposals it suggests that the only way to improve traffic flow is to ban all cars from all roads.

How about increasing the traffic flow by road layout improvements or, where office parking is inadequate – as in the case of the NEDC headquarters – public transport should be made attractive to the commuter by raising its standards to a level expected by a civilised society.

E.N. Addison,
chairman,
Addison Tool Company,
Elliott House,
Victoria Road, NW10

Traditional controls must back greening incentives

From Mr Bill D'Alessandro.

Sir, Recent articles on environmental management by David Thomas were timely and factually correct. But they may have inadvertently left readers with the wrong notion on two important subjects.

Regarding "Brussels backs down on 'eco-audit' plans" (April 5), a Community auditing scheme does not have to be mandatory to be potent. Imagine the public relations debacle if Carlsberg opted to enroll its breweries in the Commission's voluntary auditing plan but Guinness did not.

The question with real bite on business is whether Brussels will succeed in setting rules that transform the internal management tool into a regulatory device by requiring, for instance, a specific auditing methodology, detailed public disclosures of the findings and verification by independent consultants.

Regarding the review of David Pearce's "Blueprint 2: Greening The World Economy" (April 4), market-based incentives are more efficient, as you noted. But chic market instruments cannot work in the [illegible] of a strong, traditional-style "command-and-control" system using the most stringent emission standards, scrupulous data reporting, free access to the information and vigilant prosecution.

By Brussels' own reckoning, old-fashioned command-and-control systems are not humming along well enough in the EC to rush headlong into the new ways. Much of the world is that much further behind.

Bill D'Alessandro,
executive editor,
Crossland's European Environmental Bulletin,
184 Amherst Street,
Amherst, New Hampshire

FINANCIAL TIMES
Thursday April 11 1991

DETLEV ROHWEDDER

Treuhand chief honoured by German leaders

By David Goodhart in Berlin

ABOUT 1,000 German business and political leaders yesterday gathered in Berlin to honour the late Mr Detlev Rohwedder, the most prominent victim to date of German unification.

Mr Rohwedder, [illegible], president of the Treuhand privatisation agency, was shot by a terrorist at his desk at home in Düsseldorf on April 1.

Inside the surprisingly intimate Schauspielhaus concert hall in east Berlin, President Richard von Weizsäcker told the guests that Mr Rohwedder had known his work "would be decisive for the social and human success of unification.

"To take his sacrifice seriously [illegible] to gather together all our strength to proceed [illegible] [illegible]utely and imperturbably than before on the path where we lost him."

Mr von Weizsäcker [illegible] there was a growing rift between east and west Germans.

"It is a real effort for us to understand one another. But if we do not heal the deep wounds together, unity will be a burden in east and west forever. What will be decisive today is to stand together. This crisis concerns all of us."

Outside, [illegible] few hundred curious east Berl[illegible] stared at the rows of Daimlers from behind cordons erected as part of a security operation which closed much of the city centre.

The businessmen had mainly flown from the Hanover Industry Fair in private jets, causing serious congestion [illegible] Berlin's airport.

On Tuesday night in Hanover they had heard Chancellor Helmut Kohl, who attended yesterday's ceremony, praising them [illegible] investing DM335bn in west Germany last year. Mr Rohwedder had often taken them to task for investing so little in the east: DM25bn is the most optimistic estimate for this year.

Mr Rohwedder's family, who will bury him privately in Düsseldorf, had originally not wanted the ceremony.

But they agreed on condition that it took place in Berlin, as a symbol of unity, and without Mr Rohwedder's widow, Hergard, who was badly wounded in the attack on her husband. She was represented by the Rohwedder's two children, Philipp and Cacilie, both of whom live in New York, the former working for Deutsche Bank, the latter studying journalism.

Mr von Weizsäcker quoted from Mr Rohwedder's last letter to his staff, "the Treuhand must act like a business but not in its own interests", and said this served as a leitmotiv for Mr Rohwedder himself.

Mr Jens Odewald, chairman of the Treuhand supervisory board, praised his Prussian sense of duty in taking on the job of privatising 8,000 companies with 4m workers.

In indirect criticism of the hopes awakened by Chancellor Kohl, he added that Mr Rohwedder knew that even after the war the "economic miracle" had taken six to eight years.

Mr Johannes Rau, leader of North Rhine Westphalia, home state of Hoesch, the steel company led by Mr Rohwedder since 1980, remembered the last ceremony in the Schauspielhaus to bid farewell to the German Democratic Republic on the evening before unity on October 3.

"Then we were [illegible] full of hope. How long ago that already seems," he said.

How long ago, too, seemed the January announcement of the closure of the Wartburg car factory in Eisenach, in east Germany, the trigger for the recent wave of hostility towards the Treuhand. Yesterday, coincidentally, was the last working day at the Wartburg factory.

[illegible] conclusion, [illegible] Daniel Barenboim conducted the third movement of Beethoven's Ninth Symphony for the bookseller's [illegible] from Gotha (in Thuringia), who rose to [illegible] on what he himself described as "the most difficult job in Germany".

United in grief: Chancellor Kohl and his wife Hannelore arrive at the service yesterday

US law suit filed against UK media group

By Patrick Harverson in New York

A $308m law suit has been filed in a New York court against Aegis, the UK media buying group formed last year out of the WCRS advertising agency.

It alleges that Pascoe Nally International (PNI), its sports marketing subsidiary, defrauded a US company of its share of a lucrative joint venture set up to market football in the US.

As a result of investigations conducted by [illegible] the US sports mar[illegible] company which made the allegations, [illegible] number of similar cases [illegible] been brought against PNI in courts across the world.

[illegible] include allegations that PNI defrauded marketing partners in New Zealand, and a suit for damages [illegible] in the UK by a German company which worked with PNI on a sports marketing contract.

The US lawsuit, served on March 28, alleges that C&W's 45 per cent stake in USA Soccer Properties, a company created to develop the marketing of US national soccer for the 1994 World [illegible] and the 1992 and 1996 Olympic games, was transferred without its consent to [illegible] new partnership controlled by PNI.

The case pits Mr Phil Woosnam, a former West Ham, Aston Villa [illegible] Welsh international [illegible] and [illegible] commissioner of the North American Soccer League who is now [illegible] of C&W, against Mr Alan Pascoe, the former British Olympic athlete who is now chairman of Pascoe Nally and a director of Aegis.

C&W's suit seeks damages of $86m – the profits C&W believed it would have earned over the eight-year life of the marketing venture – and punitive damages of $50m. Under the relevant US law, any damages awarded to [illegible] plaintiff are tripled, which means C&W stands to win $308m if PNI is found guilty.

Aegis said yesterday that it would vigorously defend the charges filed in New York. Mr Roger Parry, media development director at Aegis, said that in [illegible] legal opinion advised [illegible] that C&W's case did not have merit.

Mr Parry also said he did not know whether Mr [illegible] Nally was still employed by PNI, but confirmed that he has been working within the Aegis group. Mr Nally was unavailable for comment.

Mr Woosnam said [illegible] $86m claim was based on profit projections made by PNI and its parent, Aegis. They concluded that the joint venture would earn $175m from its eight-year contract to market US soccer.

C&W says it tried to settle the dispute [illegible] ary Mr Woos[illegible] the UK to meet Mr Pascoe and Mr Edward Leask, a director of PNI.

At the meeting Mr Woosnam was told Mr Nally was no longer associated with PNI.

Mr Woosnam says Mr Pascoe subsequently arranged a board meeting of Aegis to discuss C&W's claims, but nothing came from it.

He says he has not heard from either PNI or Aegis since his January trip. He says C&W had no[illegible] but to pursue its claim through the US courts.

Details Page 27

Washington accused over role in Iraq exports

By Alan Friedman and Eric Reguly in Washington

MR SAM GEJDENSON, chairman of a House of Representati[illegible] foreign affairs subcommittee, alleged yesterday that the US [illegible] was trying to keep secret the role of the State Department and the National Security Council in providing Iraq with militarily useful high technology equipment up until the invasion of Kuwait.

The allegation came in the wake of reports that the White House had ordered the sacking of a senior Commerce Department official, Mr Dennis Kloske, who told Congress on Monday that the Bush administration had ignored his warnings to limit the export of US technology to Iraq.

The congressman's cover-up claim comes a few weeks after a similar charge by Mr Henry Gonzalez, chairman of the house banking committee. Mr Gonzalez said various agencies had [illegible] [illegible] provide [illegible]ments relating to his investigation of the military aspects of the scandal involving $4bn of fraudulent loans made to Iraq by the Atlanta branch of Italy's Banca Nazionale del Lavoro (BNL).

Mr Gejdenson said the State Department had refused [illegible] allow Mr Robert Kimmitt, under-secretary of state, to appear before his committee to [illegible] a key meeting in April [illegible] concerning the issue of military exports to Iraq.

Mr Kloske testified on Monday he attended a high-level meeting that month in the White House and recommended that restrictions [illegible] put on the export [illegible] Iraq of high technology products with military applications.

He said that among those present were Mr Kimmitt, Mr Robert Gates, deputy national security [illegible] to President George Bush, and Mr Paul Wolfowitz, a senior defence department official. Mr Kloske said his request was rejected. Both the White House and the Commerce Department yesterday denied that Mr Kloske was being fired or asked to resign.

But Mr Gejdenson, who has been in touch with Mr Kloske, said: "Firing a government official because he was willing to tell the truth to Congress is an outrage and represents a bastardisation of the way our government is supposed to work."

Sweden to spend SKr6bn on training scheme

By Robert Taylor in Stockholm

SWEDEN is to spend SKr6bn ($986m) on measures designed to provide an extra 40,000 training places for workers and to help keep unemployment below 3 per cent this year.

The ruling Social Democrats, who face defeat in the general election next autumn, have come under intense pressure to bring in an emergency programme to deal with rising unemployment. However, the government believes the reces[illegible] will be short-lived and that economists are wrong in forecasting 4 to 5 per cent unemployment by the end of 1992.

Last month only 2.2 per cent were registered jobless, though the figure is 5.4 per cent in the 16-to-24 year age bracket.

The finance ministry emphasised yesterday that very little extra money would be spent on top of the SKr14bn allocated in January's budget for its labour programme, which included an [illegible] [illegible] training [illegible]. Instead, cash sa[illegible] from benefit hand-outs will [illegible] reallocated to the more active measures proposed yesterday.

The aim is to encourage employers [illegible] upgrade their workers' skills by paying them to go on training schemes and replacing them, during the worst of the recession, with workers from the unemployment register.

In addition, young workers will be encouraged to enroll on education courses, the number of technical college places will be increased, and restrictions imposed on the building industry when the economy overheated two years ago will be [illegible].

The package falls far short of the extra SKr10bn demanded recently by the Labour Market Board which administers the employment system. It has also disappointed the unions, which had hoped the Social Democrats would make full employment their top priority.

However, the Ministry of Finance takes [illegible] more optimistic view of the unemployment trend than most forecasters, believing it would be a mistake to over-react to the current problem by panic steps to stimulate demand or create artificial jobs.

Mr Allan Larsson, the finance minister, said yester[illegible] that the fight against inflation came first in [illegible] current economic strategy.

"[illegible] general stimulus of the economy would operate against adjusting the country's inflation rate to the [illegible] world", he warned.

"As [illegible] result the balance of payments would worsen, inflation would go higher and the pressure for high interest rates would increase."

Critics say the training initiative is designed with the election in mind. Mr Larsson denied this, saying it was part of a long-term strategy [illegible] upgrade [illegible] skills in readiness for the economic upturn.

US imposes ban on Iraqi aircraft

Continued from Page 1

The White House said its warning to Iraq applied to "any military activities which threatended UN or coalition forces or anyone else who was helping" with humanitarian assistance and applied to air and ground forces.

However, it refused to spell out what action it would take if Iraqi forces defied the ban.

The White House announced that it intended to ask Congress for more money for relief. Last week, the US pledged $11m, but this was soon dwarfed by the EC pledge this week of $180m.

Gorbachev considers Soviet coalition

Continued from Page 1

city's main plants and threatening an indefinite stoppage.

A spokesman for the strike committee claimed that political strikes were also paralysing other cities in the republic.

The strike went ahead in spite of a promise by the Belorussian government to concede all economic demands – in a close parallel to the failure of the central government to solve the miners' strikes by granting 100 per cent pay rises. Miners' leaders in the Kuzbas and Donbas yesterday maintained their determination to continue their political strikes.

In Tbilisi, the capital of Georgia, the threatened state-wide political strike was officially set in motion by Mr Zviad Gamsakhurdia, the Georgian president, in protest against the presence of Soviet Interior Ministry troops in the ethnic battle zone of South [illegible]

Mr Gamsakhurdia said strikes had already begun on the railways, and forecast stoppages in the Black Sea ports. "This will be [illegible] great blow to the Soviet economy. Strikes are certain to begin [illegible] [illegible] run by [illegible] authorities and perhaps airport workers will join them", he said.

The strikes are now biting deeply into the Soviet economy, threatening widespread closure of steel and engineering plants. Mr Serafim Kolpakov, the minister for metallurgy, yesterday called for the introduction of a state of emergency to end the miners' strike because of losses in his industry running at Rs2bn and the threatened loss of coke ovens.

Mr Alexander Orlov, the deputy chairman of the Supreme Soviet's committee on planning and finance, said that the Soviet budget was now on the brink of collapse. "There are no resources to finance the national economy, the social sphere, the army, and to give subsidies to the enterprises", he said.

WORLDWIDE WEATHER

City		°C	°F
Ajaccio	[illegible]	17	63
Algiers	C	19	66
Amsterdam	S	13	55
[illegible]	F	[illegible]	54
[illegible]	C	[illegible]	82
Bangkok	F	35	[illegible]
[illegible]	S	16	61
[illegible]	—	—	—
Belfast	C	11	52
Belgrade	F	16	61
Berlin	[illegible]	[illegible]	46
Biarritz	[illegible]	17	63
Bombay	F	32	90
Bordeaux	S	17	63
Boulogne	C	9	48
[illegible]	[illegible]	14	57
Budapest	C	15	[illegible]
Buenos Aires	F	22	72
Cairo	C	22	72
Cape Town	S	24	75
Caracas	C	28	82
Casablanca	S	19	66
Chicago	T	8	46
[illegible]	F	[illegible]	[illegible]
Copenhagen	F	10	50
Corfu	S	20	68
[illegible]	C	20	68
Dublin	[illegible]	14	57
Dubrovnik	[illegible]	18	64
Edinburgh	F	11	52
Faro	[illegible]	[illegible]	66
Florence	S	22	72
Frankfurt	F	13	55
[illegible]	S	14	57
Gibraltar	[illegible]	[illegible]	64
Glasgow	C	10	50
Helsinki	R	4	39
Hong Kong	Fg	21	70
Innsbruck	C	15	59
Inverness	C	11	52
Islamabad	C	17	63
Istanbul	R	9	48
Jakarta	R	31	88
Jersey	C	11	52
Johannesburg	S	20	68
Lima	[illegible]	25	77
Lisbon	S	19	66
London	F	15	59
Los Angeles	S	14	57
Luxembourg	C	11	52
Madeira	F	17	63
Madrid	S	19	66
Majorca	S	[illegible]	68
Malaga	S	[illegible]	64
Malta	S	20	68
Manchester	C	12	54
Manila	M	M	M
Melbourne	S	27	81
Mexico City	C	34	93
Miami	F	24	75
Milan	S	17	63
Montreal	R	5	41
Moscow	C	14	57
Munich	F	12	54
Nairobi	F	26	79
Naples	[illegible]	21	70
Nassau	C	27	81
New Delhi	S	27	81
New York	C	22	72
Nice	S	19	66
Nicosia	F	17	63
Oporto	S	21	70
Oslo	S	8	46
Paris	S	14	57
Peking	C	16	61
Prague	F	[illegible]	59
Reykjavik	F	0	32
Rhodes	S	18	64
Rio de Janeiro	C	31	88
Rome	S	19	66
Salzburg	C	12	54
San Francisco	S	9	48
Seoul	S	23	73
Singapore	F	[illegible]	88
Stockholm	S	9	48
Strasbourg	C	15	59
Sydney	S	22	72
Taipei	C	27	81
Tangier	F	20	68
Tel Aviv	S	14	57
Tenerife	S	20	68
Tokyo	S	25	77
Toronto	C	10	50
Tunis	S	[illegible]	[illegible]
Valencia	S	20	68
Venice	S	17	63
Vienna	R	7	45
Warsaw	C	6	43
Washington	F	20	68
Zurich	F	14	57

Temperatures at midday yesterday [illegible] Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet [illegible] T–Thunder

THE LEX COLUMN

No more accounting for tastes

The first discussion documents from the new UK Accounting Standards Board read like a declaration of war. Most of the proposed new disclosures can be dug out of existing accounts by those who know where to look. But the whole thrust of the new proposals is that companies have forfeited the right to choose where to put embarrassing detail. The balance has shifted decisively away from the producer of accounts towards the user in general and the investor in particular.

It might perhaps be asked whether the investor will welcome some of the more extreme results. The proposal virtually to abolish extraordinary items and to calculate earnings per share after exceptionals makes sense in terms of robbing companies of the incentive to fudge. But it is worth considering the effect on a company like SmithKline Beecham, which incurred huge extraordinary merger costs in 1989 and equally huge extraordinary gains on disposals in 1990.

Last year SKB reported a rise in earnings per share of 12 per cent; under the new rules the rise would have been well over 500 per cent. The change would bring UK practice much closer to US GAAP, under which SKB's earnings did in fact rise 420 per cent last year. But it remains to be seen how this kind of volatility will appeal to the UK investment analyst. It would also make nonsense of SKB's published objective of paying out between 35 per cent and 40 per [illegible] of its earnings in dividends. Under the new rules, its payout ratio last year would have been a mere 22 per cent.

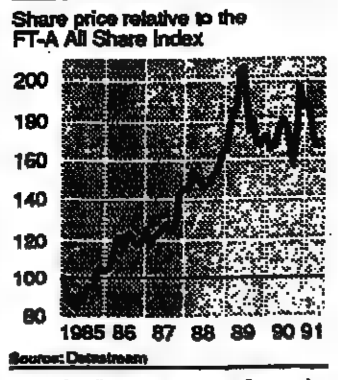
But there is doubtless scope for haggling here. More important is the broader effect on genuinely dodgy accounting practice, above all in the matter of acquisitions. The new profit and loss account will have columns identifying separately the effect of acquisitions and discontinued operations at every point from turnover down to attributable profit. One can think of any number of companies for which such a presentation would be dynamite. Roll on the day.

RMC

The idea that falling UK interest rates mean a rapid recovery in building activity in the second half of this year is looking increasingly questionable. Yesterday, RMC not only produced a 13 per cent fall in pre-tax profits for 1990. It also revealed a startling 25 per cent drop in UK concrete volume in this year[illegible] [illegible] quarter and forecast [illegible] volume decline for the year probably larger than last year's 11 per cent.

RMC

Share price relative to the FT-A All Share Index



Source: Datastream

So much for the timing of the recovery. If RMC is right, the scale of the upturn cannot [illegible] taken on trust either. Between the Bundesbank's influence over [illegible] and the Bank of England's ideas on mortgages, it is likely to be subdued when it does come. RMC's [illegible] will [illegible] [illegible] – [illegible] by more than last year – and are unlikely to bounce back in 1992 above the 1989 level.

That said, RMC's emphasis on overseas expansi[illegible] been sensible. Profits from abroad have exceeded those at home for the first time and operating margins in Germany have reached double figures. Those margins should be sustainable in western Germany. But while [illegible] Germany [illegible] to offer tantalising volume, the costs are likely to be high. Already massive redundancies are scheduled in the plants acquired so far. RMC both intends and can afford to pay dividend rises in line with inflation. That may [illegible] enough to offset a postponement of hopes for recovery.

Frogmore

The appearance of a hostile bid in the UK property sector might be taken as final evidence of recovery. In fact, Southend Property's offer for Frogmore Estates is not that simple. First, the bid is not wholly hostile, being conditional on Frogmore's acceptance. Second, there would be every reason for Southend to want [illegible] even if the property market were about to collapse. Why Frogmore's shareholders should [illegible] Southend's paper is another matter.

The trouble is that Frogmore is now in the remarkable position of being wholly ungeared, while the considerably smaller Southend has gearing of anything up to 150 per cent. The combined company would have gearing of perhaps 50 per cent, thus having more scope to exploit a recovery in the property market. Left alone, of course, the debt-free Frogmore would have much more scope again. Southend's paper is in any case a slightly dubious commodity, given the lack of up-to-date information on the company's net asset value. Nor does it look as if a cash alternative is affordable. At yesterday's prices, the offer is worth 326p a share, or [illegible] discount [illegible] some 30 per cent to Frogmore's net asset [illegible]. Despite the fact that Southend now has 20 per cent of Frogmore's equity, it is not easy to see why the bid should be taken seriously.

Next

As far as UK retailing goes, the 1980s ended yesterday with Next's staggering net loss of £223m. The rise and fall of a one-time high street star is complete. The energy expended in getting from A back to A again by way of Z is a thing of wonder, but of no further relevance. The sale of Grattan guarantees that Next will not go under. But it will never again, barring an even more extraordinary reversal of fortune, be a £1bn stock. The question is whether there is a continuing business worthy of investment consideration at all.

What is left is a loss-making high street chain which is still burdened with expensive property and needs further slimming, plus Next Directory, the now profitable mail order catalogue which was one of George Davies's brighter ideas. The remnants of the financial services and manufacturing businesses are peripheral. Between the two retail parts, the group is capable of annual turnover of £400m. Applying a net margin of 5 per cent – which ought to be achievable in the [illegible] few years – and with no In[illegible] to pay, pre-tax profits of [illegible] can be envisaged eventually.

[illegible] the [illegible]surance that the balance sheet has been swept clean and net assets of £160m are at around a two-thirds premium to the ma[illegible] [illegible]. The company will also generate cash this year. But a fully-taxed p/e of 7 on earnings three years away and no dividends in the immediately fore[illegible]le future scarcely amount to a compelling investment case.

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COMPANIES & MARKETS
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INSIDE

Li Ka-Shing meets [redacted] rare defeat

Li Ka-Shing (left), [redacted] Hong Kong's [redacted] prominent entrepreneurs, suf[redacted] a rare personal defeat [redacted] minority shareholders [redacted] his bid to buy them [redacted] from his property, oil [redacted] electricity [redacted]lary, [redacted] International Holdings, which he wanted to take pri[redacted] and merge [redacted] his main Hutchison Whampoa business. [redacted] day's vote, which fell well short [redacted] the required majority, [redacted] followed [redacted] a rowdy extraordi[redacted] general meeting [redacted] which [redacted] noisily [redacted] by individual ethnic Chinese [redacted]. Page [redacted]

Scrip issues lose bonus label

A revision in the Japanese commercial code, designed [redacted] remove [redacted] popular misconception that scrip [redacted] long ingrained in Japanese companies [redacted]. But [redacted] that scrip [redacted] no longer "gratis" [redacted] for many Japanese [redacted] to accept. Back Page

Ocean takes the plunge

[redacted] Group joined [redacted] of rights [redacted] in London yesterday [redacted] an £88m ($155.7m) [redacted] on [redacted] one-for-four [redacted]. The [redacted] conglomerate [redacted] proceeds [redacted] it [redacted] continue [redacted] programme [redacted] acquisitions. [redacted] reports. Page 27

Shopping for shops

Daiei, the Japanese retail group, [redacted] yester[redacted] reinforcing its [redacted] empire in Japan. The group paid [redacted] to lift [redacted] in [redacted] store operator Maruetsu from 26.7 per [redacted] 38.1 [redacted]. Last [redacted] Daiei [redacted] a partial bid for Maruetsu in [redacted]tation of the [redacted] a 24.95 per [redacted] by Shuwa, [redacted] debt-laden property [redacted] market [redacted] forced to [redacted] its own plans to [redacted] Japanese retailing. [redacted] 23

Fishing for a solution

[redacted] dependency on fish [redacted] proving an [redacted] the current negotiations over the creation [redacted] European Economic [redacted]. Fishing [redacted] per [redacted] Iceland's merchandise exports and 21 per [redacted] its [redacted] product. Although its [redacted] for special [redacted] may be taken seriously, [redacted] remain in [redacted] that a final agreement may be presented in a "[redacted]-it-or-leave-it" form. Page 22

Market Statistics

Companies in this section

Chief price [redacted]

FRANKFURT (DM)

Rises			
AEG	[redacted]	+	[redacted]
DLW	[redacted]	+	[redacted]
Sud [redacted]	[redacted]	+	[redacted]
Falls			
Linotype	532	−	19
Rosenthal	300	−	17
Springer	702	−	18

NEW YORK ($)

Rises			
Hanzel	14¼	+	2¼
Raytheon	81¼	+	¾
Sears	34¼	+	¾
Student Loan	51⅞	+	⅞
Falls			
Caterpillar	[redacted]	−	⅞
Dow Chemical	47¾	−	1

New York prices as at 12.30pm.

PARIS (FFr)

Rises			
Essx	1[redacted]	+	75
Immobanque	[redacted]	+	18
Falls			
Accor	[redacted]	−	16
Air Liquide	[redacted]	−	19
Bouygues	[redacted]	−	25
Peugeot	[redacted]	−	14

TOKYO (Yen)

Rises			
Arisawa Mfg	1530	+	180
Kawashima Text	1020	+	100
Meiji Machine	780	+	90
Falls			
Ashikaga Bank	[redacted]	−	60
Janome Sewing	[redacted]	−	80
Nichiei Cons	[redacted]	−	400

LONDON (Pence)

Rises			
ADT	88	+	4½
Cable & Wire	528	+	14
Century Oils	143	+	17
Charles Nickols	60	+	10
Frogmore Ests	349	+	17
Laird	250	+	17
Markheath	41	+	3
Maxwell Comm	212	+	17½
Prudential (A)	415	+	15
SEET	26	+	3
Sherwood Grp	489	+	34
[redacted] Land	130	+	16
Falls			
A. Fisher	116	−	7
Avon Rubber	253	−	16
Cairn Energy	175	−	14
NatWest Bank	331	−	12
Ocean	354	−	12
Pittard Garnar	50	−	10
Reuters	870	−	25
Rosehaugh	90	−	10
Stanhope Prop	73	−	13
Wiggins	28	−	10

Boeing finds De Havilland buyer

By Haig [redacted] in Milan, George Graham in Paris and Bernard Simon in Toronto

ALENIA and Aerospatiale, the Italian and French [redacted] aerospace groups, have reached agreement to buy De Havilland, the Canadian aircraft manufacturer owned by Boeing of the US.

A price for the deal, which is still subject to Canadian government approval, has not been disclosed. However, the European companies are believed to have made [redacted] substantial investment [redacted].

[redacted] Havilland's commuter planes have not fitted comfortably into Boeing's product range and the US company has struggled to overcome labour and pro[redacted] problems at de Havil[redacted] factory in the northern suburbs of Toronto.

British [redacted] other companies which expressed an interest in bidding for de Havilland. However, serious negotiations with Boeing were prevented by [redacted] exclusivity agreement [redacted] the US [redacted] ATR, [redacted] aircraft development [redacted].

[redacted] Alenia, formed from the merger of Aeritalia [redacted] December, said reports [redacted] a promise [redacted] invest $1bn [redacted] De [redacted] next [redacted] 12 [redacted] were "exaggerated." However, Alenia [redacted] Aerospatiale [redacted] to [redacted] clear indications of their plans in order to secure approval from Investment Canada, [redacted] to approve foreign [redacted] projects.

Separately, Alenia has revealed that joint negotiations are [redacted] way with Aerospatiale and Alcatel, the French electronics and engineering group, to buy Space System, the former Ford Aero[redacted] now owned by [redacted] US.

The [redacted] follow an agreement [redacted] the three European [redacted] collaborate in develop[redacted] and [redacted].

[redacted] acquisition [redacted] De Havilland, [redacted] specialises in [redacted] turbo-prop [redacted] aircraft, [redacted] in the attempt by European manufacturers to develop their product range beyond that produced by [redacted] Airbus joint venture, in which [redacted] Alenia [redacted] Aerospatiale [redacted] partners.

The two companies already co-operate in [redacted] ATR 42 and [redacted] 72 turbo-prop programme, with 538 orders in hand, while both have been conducting talks with Deutsche Aerospace (DASA) of Germany on developing a new [redacted] to [redacted] regional jet.

[redacted] purchase [redacted] strengthen the continental European manufacturers' position [redacted] competition, and may [redacted] British Aerospace, which [redacted] opposed [redacted] for [redacted] new regional jet, more exposed.

Acquisition [redacted] De Havilland, which makes [redacted] Dash 8 turbo-prop range, will complement the ATR programme in the market for smaller aircraft.

Alice Rawsthorn looks at acquisitions in the cosmetics industry

Irresistible allure of the beauty business

ELIZABETH ARDEN, [redacted] *grande dames* of [redacted] beauty business, once called her industry "the most vicious...in [redacted] world".

[redacted] be, [redacted] business of selling lipstick, blusher and [redacted] still [redacted] alluring [redacted] persuade Procter [redacted] Gamble, the powerful [redacted] products group, to invest $1.14bn in buying two cosmetics companies – Max Factor of the US and Betrix of Germany – from Ronald Perelman's Revlon.

For P&G, the acquisition offers [redacted] opportunity to add Max Factor, one [redacted] the [redacted] make-up, to Cover Girl, its best-selling US beauty brand. It also turns P&G into the biggest single player in the $45bn global market for personal products ahead of its arch-rivals, L'Oréal of France and Unilever, the Anglo-Dutch group.

For the remainder of the beauty business, the P&G acquisition marks yet another phase in the consolidation that swept through the international personal products industry – which includes shampoos, toothpastes, skin creams and perfumes as well as cosmetics – in the late 1980s.

The level of corporate activity within personal products has been little short of frenetic. P&G has bought a string of businesses including Richardson-Vicks, Blendax, Shulton, Noxell (which owned Cover Girl) and now Max Factor.

Unilever has acquired Chesebrough-Ponds, Fabergé, Elizabeth Arden and Calvin Klein Cosmetics. L'Oréal has bought Helena Rubenstein and also took a stake in Lanvin. Shiseido and Kao, the large Japanese groups, have also made acquisitions in the US and Europe.

Mr David Lang, an analyst at the Henderson Crosthwaite securities house in London, says there were more than 100 acquisitions worth $12.5bn in the industry between 1985 and 1989. At the beginning of last year there were at least another $1bn of companies up for sale.

The stream of deals seems set [redacted] continue. The [redacted] of Revlon, which [redacted] Almay and Ultima II brands, is still on the block. Unilever and L'Oréal are mooted as potential purchasers. Avon of the US is looking for buyers for some of its subsidiaries as it struggles to cling on to its core cosmetics business.

The main catalyst for all this activity has been the buoyant state of the personal products market. The market enjoyed real growth of 6 per cent a year – with higher growth for premium products – throughout the late 1980s thanks to the [redacted] of greater affluence and technological innovation, particularly in sectors such as shampoo and skin care.

It is far cheaper for companies to buy a brand name in personal products than to create a new one. Mr Lindsay Owen-Jones, chairman of L'Oréal, once estimated it would take 20 to 30 years to build a new brand. As a result, companies like P&G and Unilever have had no option but to do so through acquisition.

The result of their expansion is greater concentration of ownership. P&G will control almost 10 per cent of the $45bn global market after the Max Factor and Betrix deals with personal products sales of more than $5bn.

Mr Lang of Henderson estimates that the five largest players – P&G, Unilever, L'Oréal, Shiseido and Avon – now command 40 per cent of sales and that 70 per cent of the market is in the hands of only 15 companies.

The expansion of the giant consumer goods groups has also heralded a new era of heavy investment and sophisticated marketing strategies [redacted] the industry. This [redacted] making [redacted] increasingly [redacted] smaller companies to remain competitive.

Marketing budgets have rocketed. P&G has already gained market share for Cover Girl in the US, partly by invested in advertising. It is now expected to apply the same tactics to Max Factor, which has lost momentum after years of under-investment.

The [redacted] players, or financially-strapped [redacted] like Revlon, cannot afford [redacted] match this expenditure.

Similarly, the consumer goods groups can use their vast manufacturing facilities to extend brands into different product categories. P&G is already doing this with Oil of Ulay. Unilever is harnessing years of expertise in the soap market to help develop new skin-care products.

These big diversified groups also have an advantage with distribution. First, their vast sales networks make it easier to introduce products to new international markets. Second, they already have close contact with the supermarkets and drug stores that are becoming increasingly important distribution channels for some personal products, particularly cosmetics and perfumes.

Yet every company, large and small, faces the challenge of the changes in the personal prod[redacted] industry. [redacted] important change is that [redacted] is slowing.

The [redacted] already taken a toll [redacted] sales in the US, UK and [redacted] upper end [redacted] market has suffered most due to [redacted] the Gulf war's effect [redacted] on [redacted] duty-free sales.

[redacted] market is certain to recover [redacted] the [redacted] ends, [redacted] to the [redacted] growth [redacted] in the [redacted]

Mr Mike Perry, a director of Unilever, forecasts long-term growth of 4 per cent [redacted] year for the mass market [redacted] cent for premium products, slightly lower than in the late 1980s.

At the same time the Japanese are likely to become more active outside their [redacted] country. [redacted] Shiseido and Kao [redacted] been comparatively [redacted] in [redacted] approach to expansion outside Japan, but both [redacted] ambitious long-term targets.

Shiseido, which is building [redacted] factory in France, plans to double the proportion of overseas sales – from 12.5 per cent of its $3bn turnover last year – by the end of the decade. Kao, which has already acquired the Jergens toiletries business in the US, is reported to be looking at the remainder of Revlon.

As for P&G, it faces the challenge of restoring Max Factor to its former glory, at a time when the beauty business is becoming more competitive, if not more "vicious", than ever before.

German bank lifts payout on 12.3% rise

By Katharine Campbell in Frankfurt

[redacted] partial operating profits [redacted] Commerzbank, Germany's third largest bank, climbed 18.3 per [redacted] DM1.39bn [redacted] in 1990, due largely to buoyant credit business. The increase allowed the bank to raise its divi[redacted] and significantly boost country risk provisions.

Total operating profits, however, [redacted] only [redacted] per cent as [redacted] bank's own [redacted] trading failed [redacted] levels. [redacted]lysts estimate total operating profits to [redacted] about DM1.6bn. A DM1 increase in the dividend [redacted] DM10 [redacted] been announced.

In his final [redacted] conference before stepping down, Mr [redacted] Seipp, chief executive for 10 [redacted] Commerzbank had "massively" topped up [redacted] loan-risk provisions, and included some countries, notably Bulgaria, for [redacted] first [redacted]. He said [redacted] cover had [redacted] increased [redacted] about 50 per [redacted] of outstanding loans to "at least 60 [redacted] cent" across [redacted] Commerzbank group.

Despite [redacted] provisions boost, Commerzbank's [redacted] income fell only slightly, [redacted] DM557m from DM564m. Mr Stephen Lewis, banking analyst [redacted] Salomon in London, estimated that [redacted] in [redacted] of about DM550m [redacted] been partially offset by an extraordinary [redacted] of about [redacted] 10 per [redacted] stake in [redacted] German construction company Hochtief.

At [redacted] same time, Mr Seipp confirmed earlier indications [redacted] Soviet risk would not be provided for – unlike at Deutsche Bank, which included the Soviet Union in its list of debtor countries for the [redacted] in [redacted].

Mr [redacted] said: "The [redacted] Union is still [redacted] second world power, after the USA, with one [redacted] the richest [redacted] resource bases."

Regarding [redacted] share swap between Commerz and French state-owned Credit Lyonnais, Mr Seipp said he hoped a deal would be concluded "in the foreseeable future". He said his bank was "big and strong enough to go it [redacted] in most parts [redacted] the world, while spelling [redacted] again [redacted] advantages of closer co-operation in Europe, [redacted]

Mr Seipp, who hands over to board member Mr Martin Kohlhaussen after the annual meeting in May, said that building a new branch network in East Germany had led to a 9.9 per cent increase in the parent bank's administration costs to DM3.031bn during 1990.

Société Générale falls 25% after bad debt provisions

By George Graham in Paris

SOCIETE Generale, the French high [redacted] bank, [redacted] reported [redacted] per cent drop in [redacted] after [redacted] increase in provisions [redacted] bad [redacted] and securities.

Net [redacted] fell [redacted] ($472m), down [redacted] from [redacted] previous [redacted] increase in new provisions to FFr6.8bn.

"These are not horrible results. We'll see more of the like this year," said Mr Marc Viénot, Société Générale chairman.

Mr Viénot said, however, that the bank's gross operating profits had fallen by 11 per cent last year to FFr9bn, as banking revenue stagnated despite a strong increase in lending and capital markets activity.

Société Générale said its average cost of funds rose 76 basis points last year to 5.26 per cent while, in the face of continued fierce competition in the banking market, it had managed to keep the increase in its average lending rate to only 34 points, at 10.63 per cent. This meant a 42 basis point drop in its average lending margin.

Mr Viénot said the increase in provisions had included FFr850m of reserves on Third World debt risks, as well substantially increased provisions for corporate client risks and personal loan risks.

The bank provided FFr1.3bn on its investment portfolio, adopting a prudent policy using market values at the end of the year. As financial markets have risen since then, this provision would probably have been only half as large had it been established on current market values.

Mr Viénot said Société Générale's board had decided against cutting the dividend, and proposes to maintain the same dividend of FFr15 a share. This was based on the view that last year's poor results represented more an accident than the beginning of a lean period, he said.

For Société Générale, he said, this year offered at least two hopes of a turnround in net profits, even if banking revenue remains stagnant. The first was the likelihood that it would not again have to make such heavy provisions, particularly on its investment portfolio. There was also hope that it would not repeat the FFr360m loss it suffered from its 23 per cent stake in European American Bancorp.

Last year's results included exceptional profits of FFr728m on the sale of a building on Avenue Victor Hugo in Paris, and of FFr220m on the rest of Société Générale's stake in BIP, the arbitrage bank.

Smiths wins US orders for $700m

By Charles Leadbeater in London

SMITHS INDUSTRIES, the UK aerospace and medical group, yesterday unveiled orders from the US, including an innovative avionics system for Boeing, the civil aircraft manufacturer, which could be worth more than $700m during the next decade.

The group announced two orders from Boeing for its 777 aircraft, which is due to come into service in 1995. The announcement [redacted] significant breakthrough for Smiths in transferring military technology into civil markets. It [redacted] the first British supplier to win a significant contract for the aircraft.

[redacted] after reporting pre-tax profits of £50.7m ($89.7m) for the six months to February 1991, against £50.1m for the previous year. Turnover was £29m down at £288m. Pre-tax profit was boosted by interest income of £8.9m from net cash of more than £115m.

Mr Roger Hurn, the group's chief executive, said Smiths had stepped up its search for possible acquisitions. Mr Hurn will become chairman as well as chief executive following yesterday's announcement that Sir Alex Jarratt, the current chairman, plans to retire in November.

Smiths will develop and install a sophisticated electrical power and fuel management system in the Boeing 777. This system has previously only been used on prototypes for military aircraft. The order will be worth at least $500 during the next 10 to 15 years.

The main electrical load management system (Elms) will eliminate miles of electrical wiring which usually connect control switches in a cockpit to functions around the aircraft.

The Smiths' system, developed for prototypes of the European Fighter Aircraft and the US Longbow Apache helicopter, uses a computer to issue instructions to the aircraft's functions.

The second Boeing 777 order, worth about $100m over the next decade, is for a fuel measurement and indication system. This will be the first such system on a civil aircraft to use ultrasonic sensors to assess fuel consumed.

Smiths has also won two military contracts – to fit electronic head-up displays to about 1,100 US Air Force F-15 aircraft and a fuel system for the US Air Force's C-141 heavy transport plane. These are expected to be worth about $100m and should come on stream in 18 months.

Southend in £130m bid for Frogmore

By Vanessa Houlder in London

SOUTHEND Properties yesterday launched a £130m [illegible] paper bid for Frogmore Estates, in the first big takeover offer since the UK property sector went into steep decline last summer.

Frogmore promptly rejected the [illegible] as "unsolicited and unwelcome".

Frogmore's rejection of the bid [illegible] on its balance sheet which has virtually [illegible] gearing compared with Southend's of about 90 per cent. "The philosophies of the [illegible] businesses are significantly different," Frogmore said.

"We believe it [illegible] beneficial to maintain a lowly-geared [illegible]ance sheet in [illegible] present uncertain [illegible] in contrast with the current policy of [illegible]."

Mr Malcolm Dagul, chairman and managing director of Southend, said that the combined portfolio would be well balanced and would offer overhead savings. He claimed that Southend could manage the portfolio better than Frogmore.

Mr Dagul said an investment company should be geared to take advantage of opportunities in a market which had hit the bottom, [illegible] if [illegible] swift recovery was not in prospect.

Analysts felt that the bid was opportunistic. "It gives Southend a cheap chance to consolidate," said one.

Frogmore has been seen as a potential bid candidate for several years, due to the accumulation of a [illegible] per cent holding by Markheath Securities, another property company. Just over a month ago, Markheath arranged to sell most of its stake with a series of put and call options.

Southend yesterday bought 4m Frogmore shares for £12.92m. In addition, BZW, the investment arm of Barclays bank, agreed to sell its 4m shares which were the subject of one of the call options. This gives Southend control of 20 per cent of Frogmore shares.

James Capel and Paribas have offered, on Southend's behalf, to acquire remaining Frogmore stock on the basis of 3.1 new Southend shares for each of Frogmore's. Southend also offered its shareholders 14.2m new shares at 100p each.

Comparisons between the two companies are complicated by the fall in asset values over the past year. However, at the end of June 1990, Frogmore reported net assets of £209m, while at the end of March 1990, Southend had net assets of £161m.

Even before the announcement yesterday, Frogmore's shares rose from [illegible] to [illegible]. However, Southend's shares fell 5p to 105p after the announcement.

Charterhouse, [illegible] UK merchant bank, is acting for Frog[illegible].

Lex, Page 20

UCB turns in flat year [illegible] BFr2.31bn

By Andrew Hill in Brussels

UCB, Belgium's third largest chemicals group, yesterday reported almost unchanged net profits of BFr2.31bn ($67m) in 1990, compared with BFr2.3bn in the previous year.

The difficult economic climate and losses in the group's film activities held back profits. The group is proposing an increase in the net dividend for the year, from BFr330 to BFr360 a share.

Sales were slightly higher at BFr43.3bn, and profit before tax and exceptional gains slipped from the 1989 record of BFr2.25bn to BFr2.1bn.

UCB said its anti-allergy drug Zyrtec had been well-received by the medical profession in the countries where it has been introduced.

Rieter declines 54% after spinning machine sales fall

By William Dullforce in Geneva

RIETER, the Swiss textile machinery group, plans to halve [illegible] dividend after disclosing [illegible] per cent slump to SFr36.3m ($25.6m) in net consolidated earnings in 1990. Group turnover, SFr1.78bn, fell 5.1 per cent on 1989.

Group sales and earnings were badly affected in [illegible] by the worldwide fall in demand and consequent [illegible] in prices for spinning machines, in which Rieter specialises. Turnover in the division fell by 12 per [illegible] to SFr909m.

All the other [illegible] increased [illegible]. Turnover in the Unikeller noise control business [illegible] by 3 [illegible] to SFr590m; chemical fibres gained 1 per cent [illegible] SFr1[illegible] while sales of castings climbed by 10.2 per cent [illegible] SFr128m.

Consolidated cash flow fell by 24 per cent to [illegible]. Operating results at SFr37.4m were down by SFr37m while non-operating income declined from SFr48.4m to SFr22.8m.

Rieter Holding, the parent [illegible], [illegible] 1990 with [illegible] net profit of SFr11.7m against SFr26.9m in 1989. The board proposes to reduce the shareholders' dividend from SFr50 to SFr25 per registered share and from SFr10 to SFr5 per participation certificate. The dividend had been increased in the two previous [illegible].

[illegible] last month, working hours have been shortened for 2,100 of the [illegible] employees at Rieter's Winterthur base and the company plans to close completely for a [illegible] in July.

[illegible] the beginning [illegible] March, Saurer Group Holding, the parent [illegible] of Mr Tito Tettamanti, Swiss financier, announced that it had bought 6.7 per cent of the [illegible]pital and 5 per cent of the voting rights in Rieter Holding.

Mr Tettamanti, who has engaged in takeover battles [illegible] the past, said that the stock had been bought in agreement with the Rieter board and that he was not seeking a larger stake for the time being.

In 1989, Rieter became one of the first Swiss companies to make its registered shares available to foreign investors. [illegible] the same time, it maintained limits [illegible] registration, to ensure [illegible] at least two-thirds of the capital and voting rights would remain in Swiss hands.

Domestic decline lowers RMC results

By Jane Fuller [illegible] Maggie Urry in London

STRONG [illegible] demand for RMC Group's ready-mixed concrete and other building prod[illegible] failed [illegible] a sharp decline in its home market last year.

Taxable profit fell by nearly 13 per cent to £216.2m ($387m) from £248m on turnover that was virtually flat at £2.59bn.

Mr Jim Owen, managing director, warned that [illegible] would be lower again this year. He said it would be the first time the group had seen two years of decline since 1974 and 1975. He compared the current [illegible] unfavourably with that one and the one in [illegible].

He [illegible] warned [illegible] the upturn would [illegible] "slowish" [illegible] the disciplines imposed by the exchange rate mechanism.

With [illegible] UK accounting for [illegible] – [illegible] – of turnover, [illegible] operating profit fell [illegible] from [illegible]. In [illegible] and [illegible]gates, volume fell by 11 [illegible] cent. [illegible] merchants were also affected, with only the Great [illegible] do-it-yourself [illegible] maintaining profit.

Germany fo[illegible] £71.7m profit on [illegible] £699.9m against [illegible] on [illegible] previously. Mr [illegible] margins [illegible] of the UK for the first time.

RMC, which had 18 per cent of the west German market for ready-mixed concrete, was venturing into the eastern part of the country through its Berlin-based associate.

Profit from other countries also rose to £70.5m from £64.5m despite the effects of increased competition or a slackening in the pace of growth on Austrian, Belgian, French and Spanish operations.

Increased [illegible] of £19.8m, up from £11.4m, reflected higher year-end borrowings of £220.2m, representing 34.9 per cent of shareholders' funds. The group had invested £354m, partly to take up expansion opportunities overseas.

Mr Derek Jenkins, finance director, said although spending should fall to £200m this year, borrowings were expected to rise.

Earnings per share fell 18 per cent to 56.2p from 68.5p. A raised final dividend of 12.9p makes a total of 19.3p against 18p last time.

● Mr Owen said RMC was expecting to face contempt of court charges for its involvement in a ready-mixed concrete cartel. This followed admissions to the Office of Fair Trading last year.

See Lex, Page 20

Buoyant Henkel anticipates healthy results

HENKEL, the German detergents and chemical group, expects good results this year, despite a worldwide squeeze on chemical companies' profit margins, Mr Helmut Sihler, the group's president, said yesterday, AP-DJ reports from Rotterdam.

Healthy sales of consumer products and extra demand from former east Germany are shielding the group, he added.

Mr Sihler said sales in the first few months of this year were up from the same period last year. Henkel's group sales last year totalled DM12bn ($7.22bn), up 3 per cent from [illegible] previous year's figures. Net profit rose [illegible] DM429bn.

Correction

BHF Bank

[illegible] headline in yesterday's FT stated incorrectly that the 1990 [illegible] income [illegible] the Berliner Handels-und Frankfurter Bank declined 16 per cent. The group's partial operating profits, which exclude proceeds from [illegible] bank's own account trading, rose 16.4 per cent [illegible] DM245m [illegible].

EniChem plans L8,500bn investment

By [illegible] Simonian in Milan

ENICHEM, the [illegible] group previously known [illegible] Enimont, intends to [illegible] almost L8,500bn [illegible] in the [illegible] four years as part [illegible] new b[illegible] plan presented to [illegible] unions yesterday.

Some L6,530bn would be spent on "core businesses," notably crackers, intermediate systems [illegible] materials, according [illegible] Mr Giorgio Porta, chairman. About 53 per [illegible] the [illegible] investment would be made in southern Italy.

The plan also envisages a L1,000bn reduction in the company's debt to L8,500bn in [illegible] from L9,500bn [illegible] present.

However, Mr Porta also warned of severe job cuts to follow the 5,500 employees already laid off, reducing the workforce to around 50,000 at present.

Another 3,700 lay-offs [illegible] planned this year, out of a total job-reduction package of 4,800 by the end of 1994, the company said.

[illegible] further 4,000 jobs would go as [illegible] result of disposals in the agro-chemicals business, although EniChem would maintain minority stakes in the activities sold, according to Mr Porta.

The plans [illegible] reduce [illegible] workforce [illegible] hostile reaction from the group's unions, with [illegible] of plant closures and [illegible] scaling-down of [illegible]ties.

Mr Porta [illegible] no indication of when the group [illegible] return [illegible] stock exchange, [illegible] commitment originally made last year when Eni, the public sector energy and chemicals group, bought [illegible] Montedi[illegible] per [illegible] stake in the Enimont joint [illegible] and subsequently bid for the remaining shares floating in the market.

FLS maintains profits recovery

THE FLS Group, [illegible] leading Danish supplier of equipment to the cement industry, maintained the strong recovery in profits [illegible] the past three years, writes Hilary Barnes in Copenhagen.

[illegible] profits increased [illegible] DKr701m [illegible] from DKr485m last year, while sales [illegible] DKr11.35bn from DKr9.38bn. The board proposed [illegible] unchanged [illegible] DKr12 per share.

The continued increase in profits and sales is forecast in the current year. The volume of orders in hand at [illegible] beginning of the year was described as very substantial.

Next reports loss of £40.7m

By Michiyo Nakamoto in London

NEXT, [illegible] troubled UK fashion [illegible] that [illegible] restructuring pro[illegible] reported [illegible] pre-tax loss of £40.7m [illegible] for [illegible] January 31.

The results, [illegible] compare with a previous loss of £46.7m, confirmed the group's own forecast made in a circular to shareholders in February.

Last year's performance was hit by an exceptional provision of £33.5m made against the carrying value of its investment in Club 24, its consumer credit operations that is being wound down after attempts to dispose of the business failed last year.

Total extraordinary [illegible] amounted [illegible] £170.2m, bringing the retained [illegible] for the year to £222.8m against a profit of £10.4m.

Following drastic steps that have been taken to stem losses, [illegible] group's [illegible] have been trimmed to focus on Next Retail and Next Directory, which respectively made a loss of £2.3m and a profit of £2.6m in [illegible] to January.

"[illegible] reached the [illegible] where we can now [illegible] on the business, where we were [illegible] ago," said Sir David Wolfson, chairman. [illegible] group's cash position had [illegible] out, store space and stocks are [illegible] progressively [illegible] and it was now [illegible]ing [illegible] on [illegible] per [illegible] space and [illegible] cent [illegible]. Mr Stuart Soloway, former retail operations direc[illegible] of Burtons, [illegible] joining [illegible] group as [illegible] retail shop operations.

Sir David Wolfson: concentrating on the business

[illegible] year fell [illegible] from £1.03bn, [illegible] operating profits plunged to [illegible] £38.9m.

The bulk [illegible] the extraordinary losses stems from disposals of various of the group's businesses. While the sale of Grattan, its mail order [illegible]ness, to German retail group Otto Versand will significantly strengthen the group's balance sheet, an extraordinary loss of £77.4m relating [illegible] has been [illegible] year's [illegible]. The disposal [illegible] Grattan, which [illegible] profit contribution of [illegible] last year, will bring in approximately [illegible] when it is completed soon.

The group [illegible] to [illegible] the price on [illegible] sale of Grattan [illegible] initial £140m, after a heated battle for the business between the [illegible] group and Sears, [illegible] diversified retailer. Next had favoured [illegible] owner [illegible] Grattan since it will need to continue to receive services for its Next Directory. Sears is a direct competitor in the UK retail market.

The group still has non-recourse borrowings in Club 24. It has, however, negotiated a committed borrowing facility with its bankers. Excluding its borrowing in Club 24, and after the sale of Grattan, the pro [illegible] balance sheet is free of net borrowings.

The loss per share was 13.58p, against a loss 8.4p, and no final dividend is recommended, against 2p. This makes [illegible] total dividend for the year [illegible] against 4.7p.

Lex, [illegible] 20

INTERNATIONAL COMPANIES AND FINANCE

Daiei raises stake in Maruetsu

By Robert Thomson in Tokyo

DAIEI, the Japanese retail group, yesterday announced the Y58.9bn ($436.3m) purchase of 26.7 per cent of Maruetsu, a chain store operator, to take its holding to 38.1 per cent and bring the group closer to its goal of building a vast retail empire in Japan.

The Daiei group announced a partial bid last month for Maruetsu in expectation of the sale of a 24.95 per cent stake by Shuwa, the debt-laden property and stock market group forced to abandon its own grand plans to dominate Japanese retailing.

Shuwa had built large, hostile stakes in seven Japanese retail chains, including Maruetsu, but financial prob[illegible] Shuwa to use some [illegible] the [illegible] as [illegible] on Y110bn loans from [illegible] during repayment [illegible] in [illegible] months.

The [illegible] in which [illegible] built substantial holdings [illegible] they [illegible] by [illegible] Daiei group, which claims [illegible] have aided Shuwa for the sake of "the J[illegible]ese economy", but has taken advantage of the opportunity to expand significantly its retailing potential.

Shuwa has been undermined by the rise in Japanese interest rates over the past two years, the stock market plunge and the weakness in international property markets. The privately-owned company had [illegible] estimated [illegible] $10bn, including some 50 office blocks in Japan and about [illegible] in the US, but [illegible] now under reconstruction.

Apart from a [illegible] cent holding in Maruetsu, Shuwa [illegible] per [illegible] Chujitsuya, a medium-sized [illegible] chain, [illegible] of [illegible]tan, the department [illegible] group, 17.6 [illegible] of N[illegible]kiya, a clothing chain, and [illegible] per [illegible] of Matsuzakaya, a department sto[illegible], for a total [illegible] of Y500bn.

The [illegible] part [illegible] by Mr Shigeru Koboyashi, Shuwa's president, [illegible] "restructure" Japan's retail [illegible] distribution industries, though he recently conceded that a heavy debt burden has made it "impossible for [illegible] realise my [illegible] on my own".

Maruetsu has a significant spread of supermarkets in the Tokyo area, which will complement the network of Daiei, already the country's largest supermarket operator and a longtime partner of Maruetsu. Daiei [illegible] has significant wholesaling and [illegible] operations, and [illegible] shown interest in taking over Shuwa's holding in Chujitsuya, which also has a strong spread of supermarkets in Tokyo.

[illegible] Isao Nakauchi, Daiei's chairman, said yesterday that he would not buy into Chujitsuya "unless they [illegible] us" [illegible] "a [illegible] bid [illegible] against [illegible] commercial [illegible]toms", though he hinted that Shuwa's financial problems could [illegible] move on the supermarket oper[illegible].

Last month, Mr Nakauchi, a veteran of merger and acquisition battles, said his company would not extend a repayment deadline of May 31 on the loans to Shuwa, and announced a bid for a maximum of 28 per cent of Maruetsu.

He said yesterday that Daiei had purchased 28.79m Maruetsu shares, including the 26.98m shares held by Shuwa, to bring its holding to 38.1 per cent. Daiei and Maruetsu have had ties since 1981, but the new stake will give Mr Nakauchi far greater influence over the company's policies.

Shuwa [illegible] estimated [illegible] built [illegible] over Y1,000bn through property and [illegible] purchases, and the [illegible] the Maruetsu stake highlights [illegible] company's present finan[illegible] problems. The disposal is a per[illegible] for [illegible] high-profile Mr Kobayashi, who once boasted that he wanted to own a building in each US sta[illegible], but [illegible] now overseeing [illegible] dismemberment [illegible] his organisation.

Blow to Li Ka-shing's Cavendish plan

By John Elliott in Hong Kong

MR LI KA-SHING, one of Hong Kong's most prominent entrepreneurs, yesterday suffered a rare personal setback when minority shareholders blocked his HK$4.13bn (US$530.2m) bid to buy them out from his Cavendish International Holdings property to oil and electricity subsidiary, which he wanted to take private and merge with his main Hutchison Whampoa [illegible].

Such [illegible] from minority [illegible] are [illegible] Hong [illegible] – the last time it happened [illegible] an internationally-known businessman was when Mr Alan Bond, the Australian entrepreneur, failed two years [illegible] to take his Bond Corporation International company in Hong Kong private.

Two months ago, Hutchison launched the bid for the 34.72 per cent of Cavendish's shares it did not already own at HK$4.10 a share.

Yesterday the offer was accepted at a special meeting, convened under Hong Kong law by the supreme court, by

Li Ka-shing: wanted to merge Cavendish with [illegible]

59.6 per cent of the votes. This fell well [illegible] of the [illegible] per cent figure needed for the offer to go through, and it was followed by a rowdy extraordinary general meeting at which the offer was noisily attacked by individual ethnic Chinese shareholders and opposed by 38 votes to two.

Mr [illegible] Murray, chairman [illegible] and managing [illegible] Hutchison, [illegible] the offer was made, that the buy-out [illegible] consequential [illegible] of [illegible] as a separate entity made management sense.

Cavendish has never estab[illegible] a separate corporate image from [illegible] it was [illegible] in [illegible] part of a corporate reorganisation which split the group's Hongkong [illegible] operation from non-electricity-related businesses.

But the offer was criticised as inadequa[illegible] by some institu[illegible] felt [illegible] Mr [illegible] mistreating minority shareholders. A groundswell of opposition built up among individual [illegible] other companies' shares benefited from a surge in recent weeks on Hong Kong's stock market, but Cavendish stayed around the offer price.

Yesterday Mr Murray said that there would not be any fresh [illegible] to buy out the shares. Some analysts believe that the shares could fall well below the rejected offer price if shareholders now try to get out of the company.

Cavendish's main asset is a 34.3 [illegible] in Hongkong Electric, the monopoly supplier of electricity [illegible] Hong Kong Island. It [illegible] with Hutchison (on a [illegible]) a 43 per [illegible] Husky Oil, one of Canada's top 10 petroleum companies, whose financial performance has disappointed Mr Li.

There has been speculation [illegible] Hutchison might [illegible] Husky [illegible] once it owned all the shares, and this fuelled [illegible] among [illegible] minori[illegible].

Last month, Cavendish announced after-tax consoli[illegible] profits for the year ended December [illegible] of HK$1.32bn, 29 per cent up on 1989's HK$1.[illegible].

A final dividend was postponed because [illegible] the buy-out [illegible] will now be announced in the next [illegible].

CRA [illegible] to reopen PNG copper mine'

By Mark Westfield

CRA, the Australian resources group, has rejected claims by the Papua New Guinea government [illegible] it is insensitive to the country's sovereignty and has refused requests by the government to sell its 53.6 per cent interest in the mothballed Bougainville copper mine.

Sir Mi[illegible] Somare, PNG foreign minister, accused CRA this week of taking a colonialist attitude towards his country.

Mr Ian Johnson, CRA Minerals (PNG) managing director, said the company wanted to reopen the mine, closed for more than a year by rebellious secessionists on the island. He described CRA's relations with the PNG government as "cordial".

Downturn for Australian bank

By Mark Westfield in Sydney

[illegible] MONTH before it is due to partially float, the government-owned [illegible] Bank of Australia has reported a 7.9 per cent drop in pre-tax operating profit to A$355.7m [illegible] after increasing its bad and doubtful debt expense by 62 per cent for the six months to [illegible] 31.

[illegible] government had hoped [illegible] by float[illegible] 30 per cent [illegible] the bank.

According [illegible] the bank's managing director, Mr Don Sanders, the performance was "reasonable, given the prevailing conditions in the economy and in the banking and finance industry."

The Commonwealth's pre-tax profit was overshadowed, however, by [illegible] earnings [illegible] A$536.4m swelled by an abnormal transfer of an A$530m surplus – A$323.3m [illegible] – from the [illegible] staff superannuation fund.

Australia[illegible] largest banking group, Westpac, is being sued by its staff union [illegible] a [illegible] transfer from the superannuation fund in its profits last year. The case [illegible] still being [illegible] in [illegible] court.

Mr Ian Payne, Commonwealth's deputy [illegible] director, [illegible] yesterday that the [illegible] transfer [illegible] made [illegible] lengthy negotiations with the bank's union.

Both the proposed float and the transfer of the super surplus are designed to shore up the bank's reserves following its purchase last year of the debt-troubled State Bank of Victoria for A$1.6bn.

Despite the recession in Australia, the bank lifted its net interest income to A$ 1.33bn compared with $1.2bn in the six months to December 1989. The bank's operating profit of A$ 536.4m was double the A$ 266.7m of the previous equivalent result.

The bank's risk-weighted capital [illegible] the six [illegible] from 9.57 per cent to 10.2 per cent because it has postponed dividend [illegible]ments to its parent pending the float.

Total [illegible] rose from A$63.7bn [illegible] over the period.

The SBV's assets and earnings will not begin to be included until the second half of the year.

Loans on which no interest is being paid increased over the six months from A$1bn to $1.4bn.

Its result represents an 11.56 per cent return on equity compared with 13.46 per cent in the first half last year.

The Commonwealth Bank reports on a June 30 financial year while its listed rivals, the ANZ, National Australia Bank and Westpac, balance on September 30.

The Commonwealth's lower result comes three days after Westpac, Australia's largest banking group with assets of $107bn, [illegible] an [illegible] in problem loans to more than $3bn and [illegible] dividends [illegible] the [illegible].

PUBLIC WORKS LOAN BOARD RATES

[illegible] 10.

[illegible]	[illegible]	[illegible]	[illegible]
1			11⅜
Over 1 up to 2	11¼	11¼	[illegible]⅞
Over 2 up to 3	11	11	10⅝
Over 3 up to 4	10¾	10¾	10⅝
Over 4 up to 5	10¾	10⅝	[illegible]¾
[illegible] 5 up to 6	10⅝	10⅝	10⅞
[illegible] 6 up to 7	10⅝	10⅝	10⅞
[illegible] 7 up to 8	10¾	10¾	10⅞
[illegible] 8 up to 9	10¾	10⅞	[illegible]
[illegible] 9 up to 10	10¾	10⅞	11
[illegible] 10 up to 15	10⅞	[illegible]	11
[illegible] 15 up to 25	11⅛	11	10⅞
Over 25	11	10⅞	[illegible]⅞

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

INTERNATIONAL COMPANIES AND FINANCE

Nintendo to pay $25m and settle price fixing charges

By Louise Kehoe in San Francisco

NINTENDO has agreed [illegible] distribute up to $25m in coupons to US purchasers of its home video game machines to settle price fixing charges brought against the company by the Federal Trade Commission and US state officials.

The US subsidiary of the Japanese company was accused of anti-trust violations by attempting to control the price of its game machines.

Mr Robert Abrams, New York Attorney General, said that "Nintendo was not satisfied" with its 80 per cent share of the video game market, and coerced some of the nation's biggest retailers into keeping the price of its basic video game system at $99.99.

The company threatened to either slow or cut off supplies to retailers who lowered the price of the game, Mr Abrams charged. "They wanted to extract every last ounce of profit."

While denying it has violated anti-trust laws, Nintendo said it had decided to settle the case "to maintain the goodwill of its loyal consumers, rather than engage in lengthy court proceedings".

Nintendo will distribute $5 coupons, which can be used toward the purchase of video game cartridges to up to 5m customers. The company also agreed to pay $4.75m to participating states to defer the cost of administering the program.

Nintendo is the biggest marketer of home video games in the US and its system is one of the country's best selling toys. The company had projected 1990 sales of more than $4bn – more than 80 per cent of the video game market.

The price-fixing investigation was conducted jointly by the Federal Trade Commission and the attorneys general of New York and Maryland. Mr Abrams said it was the first time in more than 10 years that federal authorities had participated in such a case.

He said the Nintendo settlement would "send out the most powerful message" that would reach "not only the board rooms in America, but the boardrooms in Japan and in all other countries that do business in America".

The settlement is subject to approval by the FTC and by state courts.

Kerkorian wins time to explain TWA plan

By Nikki Tait in New York

THE US Department of Transportation is giving Mr Kirk Kerkorian, the wealthy west coast investor, more time to explain his plan to take over Trans World Airlines, the heavily indebted US carrier owned by US investor Mr Carl Icahn.

The US aviation authorities said yesterday they would re-open the record on the question of whether TWA should be allowed to sell its London Heathrow routes to American Airlines, a larger and stronger airline, for $445m.

On Tuesday, American said it had won access to over $1.3bn of new funding. It declined to say precisely how the money would be used, but one possibility could be the purchase of route authorities into Heathrow from TWA.

Mr Kerkorian's privately-owned Tracinda Corporation has said its potential bid interest in TWA is conditional on these routes being retained.

The Department of Transportation, however, has set a deadline for any supplementary filing by Tracinda. This should arrive by 4.30 pm on April 12. Replies to this will have to be filed by April 16.

In its formal notice, the US authorities said it "believes that Tracinda should be given an opportunity to explain its proposal further and to demonstrate [illegible] would be capable of fruition, and would assure the continued viability of TWA."

Commenting on any potential response from TWA and American, the DoT said it was "particularly interested in their views on the continued viability of TWA as an economically sound and strong competitor."

The DoT ruling came in spite of further urgings, late on Monday, by American that [illegible] Heathrow route sale should not be delayed. American claims to have a legally binding deal with TWA and described the Kerkorian initiative – incorporating labour concessions negotiated with TWA's unions – as "an illusory scheme which it has no legal ability to accomplish".

Bank of New York posts $63m first-quarter loss

By Karen Zagor in New York

THE BANK of New York surprised Wall Street by turning in a first-quarter loss and slashing its quarterly dividend by 28 per cent to 38 cents a share.

The bank, which blamed its disappointing results on bloated loan-loss provisions, posted a net loss of $63m, or $1.02 a share, in the first three months of 1991 compared with net income of $102m, or $1.37 a fully-diluted share, a year ago.

Wall Street had expected first-quarter earnings of about 80 cents to 85 cents a share. The bank said it expected to post profits in the second quarter and for the whole of 1991, excluding the sale of its factoring unit.

Mr George Salem, an analyst at Prudential Securities, has reduced his 1991 earnings estimate to $1.50 a share from $3 a share.

"The essence of the financial health of a bank is [illegible] quality of its loan portfolio," said Mr Salem. The dividend cut is a sign of uncertainty about the future.

Mr Thomas Hanley, an [illegible] lyst at Salomon Brothers, [illegible] the dividend cut was not as deep as he had expected but the jump in both non-performing assets and loan-losses were greater than expected. He reduced his 1991 earnings forecast to $1.70 a share from $3.50 a share.

Bank of New York's loss provision surged to $343m from only $64m in the 1990 first quarter. The regular allowance for loan losses increased by $251m in the quarter.

Non-performing assets rose 16 per cent to $1.85bn, including $321m of other real estate, from $1.59bn in 1990. The bank attributed the increase to the addition of $141m of higher leveraged transaction loans and $155m of other commercial real estate loans.

Total commercial real estate non-performing assets declined by $42m to $731m at the end of the quarter.

The bank said its basic businesses were performing well and were ahead of budget. Operating earnings would have improved in the quarter without the higher loan-loss provisions.

The bank also said it had signed a letter of intent to sell BNY Financial, its factoring subsidiary. The terms of the sale were not disclosed. It is subject to definitive contract and regulatory approval and is expected to close in the second quarter.

Motorola trades sharply higher

By Louise Kehoe

MOTOROLA'S share price rose sharply yesterday when the US electronics manufacturing group reported higher-than-expected earnings for the first quarter. Its shares, which closed on Tuesday at [illegible]¼, [illegible] trading [illegible] $61 [illegible] midday in New York.

Although first-quarter earnings declined, the drop was not as steep as analysts had feared.

Earnings for the quarter were $116m, or 88 [illegible] per share, compared with $127m, or 98 [illegible] per share, a [illegible] rose to $2.74bn, up 8 per cent from $2.53bn in the first quarter of 1990.

The company blamed its earni[illegible] on broad econo[illegible].

"We continue [illegible] control over costs in [illegible] manner [illegible] appropria[illegible] for the economic conditions, while nurturing programmes important [illegible] the long-term growth of the company," [illegible] Mr George Fisher, chairman and chief executive officer.

In the US, Mr Fisher said, "Increasing consumer confidence, a low level of inventories and other factors may indicate an easing of recessionary pressures later in the year in several of the markets we serve.

"Even though the US and the UK are in a recession, growth is continuing in other parts of the world, especially in the Asia-Pacific region".

Fannie Mae climbs to record $320m

By Patrick Harverson in New York

THE FEDERAL National Mortgage Association (Fannie Mae), the biggest US provider of residential mortgage funds, yesterday reported [illegible] 16 per cent rise in first-quarter net income to a record $320m or $1.19 [illegible] share, from $276m or $1.06 a share a year earlier.

Fannie Mae said first-quarter earnings growth was led by a $12.8m rise in net interest income and a $6.9m rise in mortgage-backed security (MBS) guaranty fees. Average MBS outstanding rose by $13bn to $295.1bn.

Mr James Johnson, chairman and chief executive [illegible] Fannie Mae, said he was particularly pleased with the $10m fall in first-quarter charge-offs to $46.7m and the drop in the number of foreclosed properties to 1,921, down from the 2,144 recorded at the same stage in 1990.

■ The Student Loan Marketing Association (Sallie Mae), which owns about 30 per cent of all guaranteed loans to US students, also reported first-quarter earnings yesterday.

Sallie Mae revealed net income for the first three months of 1991 was up 16 per cent to $82.1m, or 88 cents a share. In the fourth quarter of 1990, Sallie Mae made profits of $71m. Sallie Mae said total assets were $42.8bn, 16 per cent higher than [illegible] year ago, and that student loan purchases during the quarter totalled $1.9bn, against $1.4bn in the first three [illegible] of 1990.

Sallie Mae is a federally charted company which buys insured student loans, and through the provision [illegible] other financial services to financial and educational institutions, replenishes local supplies of student credit.

International Paper hit by weak economy

By Martin Dickson in New York

INTERNATIONAL Paper, the US forest products group which has been expanding aggressively in Europe, reported a 27 per cent drop in first-quarter net earnings, but said its European paper operations had reported substantially improved results.

The company earned $132m, or $1.20 a share, on sales of $3.1bn, against $180m, or $1.65, on sales of $3.2bn in the same period last year. The US paper industry is in the throes of a cyclical downturn and the results were in the middle of expectations.

Mr John Georges, the chairman, said the weak US economy had created difficult operating conditions for many of the company's businesses.

However, the performance in Europe and the low-cost position of its domestic core paper and paperboard operations would help it take advantage of any economic rebound.

In the US, the company's containerboard operations had reported significantly lower earnings. Prices for uncoated printing and writing papers had declined markedly through the first quarter. The downward trend was likely to continue in the second quarter.

Caterpillar warns of 'small loss'

By Nikki Tait

CATERPILLAR, the world's largest manufacturer of earth-moving equipment, yesterday warned it will show a "small" loss from operations during the first quarter of the current year.

It repeated its earlier warning that profits for the year could be significantly lower than in 1990. In 1990, the company reported after-tax profits more than halved from $497m to $210m.

Caterpillar said first-quarter figures would be affected by a pre-tax charge of $21m, covering future but unspecified actions by the company. It said sales and profits were below the levels expected in February and that continuing weak market conditions would prompt a loss, even if the $21m charge was excluding.

BCE cuts stake in Quebecor by almost half

By Robert Gibbens in Montreal

BCE, the big holding company that controls Bell Canada and Northern Telecom, has sold nearly half its 22 per cent equity interest in Quebecor, North America's second largest printer for C$35m (US$30.4m).

The buyer, is investment dealer Levesque Beaubien Geoffrion, who will place the stock with institutional investors.

BCE plans to reduce its Quebecor stake further by April 1992.

It acquired its interests in 1988 in exchange for its own printing subsidiaries, and also received cash.

BCE has been selling all assets that are not part of its core telecommunications activities.

Denver sells $500m of bonds [illegible] fund airport

By Nikki Tait

THE City of Denver administration has breathed a sigh of relief after successfully selling a $500m tranche of bonds designed to help fund the building of a new $2bn-plus international airport in [illegible] Colorado city.

The project has been dogged by controversy. City officials maintain the existing [illegible] ton airport facility is severely limited by its airfield runway layout. Construction [illegible] the new airport has been getting underway during a particularly rough patch for the US airline industry, with domestic traffic depressed and most carriers reporting heavy losses.

A further shadow was cast over the current bond issue when Standard & Poors, US rating agency, downgraded existing Denver airport bonds last month to BBB-, just above the "junk bond" category. Moody's subsequently confirmed its Baa-1 rating.

The city said it had raised $500m from investors – against a minimum target of $400m. The bonds, which have different terms and maturities, were sold at an average interest rate of 9.13 per cent. Yields ranged from 7.8 per cent on bonds maturing in 1995 to 9.19 per cent on those due in 2023.

The city conceded this was more than the 8.63 per cent it paid on the previous tranche of bonds – seen then as a fairly tasty return – but said this would only add $2.5m to the annual interest bill.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 11.04.91: Pool purchase price £/MWh	Final Prices for Trading on 10.04.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.24	15.92	15.92
0100	16.14	18.32	19.20
0130	16.27	18.67	19.66
0200	18.62	18.67	19.55
0230	20.35	17.72	18.58
0300	20.35	15.92	15.92
0330	20.00	15.24	15.24
0400	16.74	15.10	15.10
0430	16.27	14.86	14.85
0500	16.24	14.76	14.76
0530	16.24	15.00	15.00
0600	16.24	15.16	15.16
0630	16.27	15.92	15.92
0700	17.06	18.27	19.17
0730	20.44	18.60	19.42
0800	24.36	18.76	19.67
0830	24.37	19.31	20.23
0900	24.37	19.86	20.57
0930	24.35	20.92	21.66
1000	24.36	20.92	21.67
1030	24.35	20.92	21.88
1100	23.42	20.92	21.86
1130	22.76	20.92	21.67
1200	22.76	21.89	22.87
1230	22.76	21.89	22.86
1300	22.76	21.89	22.87
1330	21.90	[illegible]	20.79
1400	21.90	[illegible]	20.79
1430	20.44	[illegible]	19.98
1500	20.88	[illegible]	19.65
1530	20.89	[illegible]	16.89
1600	20.89	[illegible]	16.89
1630	[illegible]	[illegible]	21.07
1700	23.41	[illegible]	26.92
1730	23.41	[illegible]	28.22
1800	23.41	[illegible]	25.22
1830	20.99	[illegible]	26.26
1900	20.89	[illegible]	26.23
1930	19.61	[illegible]	33.82
2000	19.34	[illegible]	33.86
2030	23.83	[illegible]	26.22
2100	23.83	[illegible]	26.23
2130	23.83	[illegible]	24.67
2200	23.83	[illegible]	19.97
2230	22.66	[illegible]	19.27
2300	19.34	[illegible]	15.92
2330	16.76	[illegible]	16.68
2400	16.24	[illegible]	15.00

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded [illegible] decimal places. To convert prices to [illegible] per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements [illegible] govern the operation of [illegible] pool in England and Wales. The [illegible] Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool [illegible] Price is subject to revision or correction until final pool [illegible] are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price [illegible] purchasers of electricity under the [illegible] trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

INTERNATIONAL CAPITAL MARKETS

Reform of insurance industry in Japan urged

By Emiko Terazono in Tokyo

JAPANESE insurers, among the most tightly regulated of the country's financial institutions, have come a step closer to breaking into new business areas, among them securities and banking.

A draft report issued this week by the insurance council – an advisory panel to the ministry of finance – urged that the liberalisation of the insurance industry be included in a wide-ranging plan for the reform of the Japanese financial system.

The Finance Ministry is considering abolishing many of the barriers which divide Japanese financial companies into different groups. Insurance companies are worried that their interests might be forgotten, as the discussion has been dominated by banks and securities companies.

Mr Haruaki Deguchi, senior manager of financial and investment planning at Nippon Life, said the report had set a direction for the insurance industry. He added that the discussions were the most important post-war event for the industry.

The insurance advisory council called for the entry of insurance companies into banking and securities business through subsidiaries, and the end of demarcation between non-life and life insurances.

The final report, which will define the role, business boundaries, disclosure rules, organisation, subscription and supervision of the insurance industry, will be presented by [illegible] insurance council to the finance minister [illegible] will be the base for policy to be set by the ministry.

Other points in the report include the proposals for the relaxation of investment regulations, which could enhance competition among insurers and give them more scope for investing overseas. The application of risk control standards such as those on capital adequacy, and solvency margins, are also on the agenda.

The Finance Ministry will not comment on the implementation of the reforms, but insurers do not expect the changes before 1993.

Talks on reform in the insurance industry, started in 1988, have attracted attention as insurers have become eager to diversify means of raising funds and investments. Mr Deguchi said that the report included plans for greater autonomy for insurers and hoped this would increase the competitiveness of the industry.

Higher interest rates have dramatically depressed the flow of money into the industry, as savers have preferred to invest in bank deposits, especially as the deregulation of interest rates has given depositors more investment options. Meanwhile, deregulation has yet to benefit insurers.

In the year to March, Japanese insurers suffered the first year-on-year fall in revenues in the post-war period, though the figures have yet to be announced. This followed a relatively poor 6.3 per cent increase in revenue in fiscal 1989. Cancellation refund payments jumped 60 per cent in the first half of 1990-91, as money was shifted into higher yielding investments.

San Miguel plans debt issue

SAN MIGUEL Corporation, the Philippines food and drinks group, plans to issue debt that can be converted into common shares. Management will seek approval of the proposed programme at the stockholders' meeting on April 19, Reuter reports from Manilla.

"In the light of the prevailing high interest rates and the ongoing expansion programme, prudence dictates that San Miguel looks at new and more permanent forms of financing," the company said.

Firm ceases authorised deals

NDC SECURITIES has ceased operating as an authorised dealer in the Australian short-term money market, AP-DJ reports from Sydney.

[illegible] Reserve Bank of Australia said the firm had "elected to cease operations as an authorised dealer ... and has surrendered its accreditation to the [Reserve] Bank, effective from the close of business 10 April 1991".

Authorised dealers are those with which the Reserve Bank trades in money market securities of up to one year. The move leaves eight of these.

Last October, NDC's parent company, Security Pacific of the US, announced plans "to sell, downsize, or completely withdraw from many of [its] European and Australian activities".

Gilts dip as £800m issue meets little trader interest

By Tracy Corrigan and Sarah Webb

PRICES in the UK gilts market eased slightly following the poor reception of the latest gilt tap issue by the Bank of England.

The £800m tranche of 9 per cent gilts due 2008 was undersubscribed when allotments were made yesterday morning.

Traders estimated that the issue was virtually unsold. One dealer at a UK bank said it had received no client orders for the bonds.

The fresh tranche was priced last Friday, with a minimum tender price of 94¾, close to where the outstanding 9 per cent [illegible] of 2008 were trading at the time. However, the partly-paid structure added some value to the offering.

But prices have slipped this week, leaving the outstanding 9s of 2008 half a point lower, so investors have no incentive to buy the new paper.

The gilt future on the London International Financial Futures Exchange ended [illegible] down from [illegible] closing level of 93.

Dealers said the gilt market appears to have run out of steam.

Good news from Friday's retail prices data and a further ½ point [illegible] have already been discounted, so further impetus will be needed for the market to resume its bull run.

However, the short end of the market is still supported by the stronger pound.

■ IN THE German bond market, some short covering helped [illegible] market [illegible] somewhat from a weaker opening. Dealers also noted switching from longer to shorter dated bonds.

The bund future on Liffe ended at 85.79, down slightly from 85.92.

■ DESPITE the strengthening of the yen against the dollar yesterday, the Japanese government bond market barely moved: traders attributed this to receding hopes of a cut in the official discount rate.

Trading in Japanese government bonds was thin and the yield on the benchmark No 129 opened and closed at 6.655 per cent in Tokyo, moving to a low of 6.7 per cent during the day. The market is awaiting further details of the forthcoming Electric Power bond issues which are expected to raise between Y180bn and Y200bn.

The volume of government bond futures in Tokyo was Y3,600bn, about half the normal level. However, in London, Liffe's revised futures contract has shown a volume increase, which many traders see as a sign that the revamped contract is more in line with investors' requirements.

The old Japanese government bond Liffe contract had fallen to a volume of about 100 contracts a day, but when the revised contract was introduced last week, the daily volume jumped to 1,250 contracts and it has settled at about 600 to 700 contracts.

Traders say the contract is more liquid than its predecessor and point out that the spread has fallen from four or five ticks to two ticks.

■ US TREASURIES were unchanged by the early afternoon in quiet trading as investors waited for key economic data to indicate whether the US Federal Reserve would cut interest rates.

The March consumer price index is due on Friday and the March producer prices index is expected today.

In the afternoon, traders were waiting for the results of an $8.5bn seven-year note auction. They expected the outcome of this to indicate the extent of dealer appetite for treasuries before publication of the inflation figures.

The Fed disappointed [illegible] Tuesday by draining reserves through overnight matched-sale purchase agreements, showing that the Fed funds target was still at 6 per cent.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		[illegible]	09/02	[illegible]	-01/32	[illegible]	[illegible]	10.61
		9.000	03/00	94-08	[illegible]	9.99	9.96	10.04
		9.000	10/08	93-18	[illegible]	9.77	9.75	9.82
US TREASURY *		7.750	02/01	98-03	-01/32	8.03	[illegible]	8.12
		7.875	02/21	96-08	-02/32	8.21	[illegible]	8.30
JAPAN	No 1[illegible]	[illegible]	[illegible]	98.3087	+0.002	7.06	7.00	7.07
	No 129	[illegible]	03/00	98.4870	-	6.67	[illegible]	6.67
GERMANY		9.000	01/01	104.2400	-0.200	8.34	8.43	8.33
FRANCE	BTAN	9.000	02/98	99.5454	-0.076	9.10	9.16	9.09
	OAT	9.500	01/01	103.6800	-0.180	8.91	9.02	8.94
CANADA *		9.750	[illegible]	101.5500	-0.400	9.50	[illegible]	9.54
NETHERLANDS		[illegible]	[illegible]	99.7600	-0.120	[illegible]	8.66	8.62
AUSTRALIA		13.000	07/00	[illegible]	[illegible]	11.22	11.35	11.53
BELGIUM		[illegible]	[illegible]	104.8500	[illegible]	[illegible]	[illegible]	[illegible]

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Sources

Dealers expand master swap agreement

By Tracy Corrigan

THE International Swap Dealers Association has expanded its master swap agreement, the standard industry documentation, to include a broader range of products.

The new master swap agreement reflects the growth of the swap market since the original documentation was written in 1987.

It covers commodity and equity swaps, foreign exchange forward transactions, caps, collars, floors and options.

New currencies – Danish krone, Finnish markka, Norwegian krone, Spanish peseta and Swedish krona – have been added.

Rate options for those [illegible] and new rate options for the US dollar, Australian dollar, Canadian dollar, D-Mark, guilder, French franc, lire, and New Zealand dollar have also been included.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on April 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102[illegible]	[illegible]	7.85
ALBERTA PROVINCE 9 3/8 95	600	103¾	104¼	[illegible]	8.35
AUSTRIA 8 1/2 00	400	99¼	99¾	[illegible]	8.44
BANK OF TOKYO 8 3/8 96	100	99	99½	[illegible]	8.43
BELGIUM 9 1/8 92	400	101¼	102¼	[illegible]	7.82
BFCE 7 3/4 97	150	97⅜	98⅜	[illegible]	8.21
BNP 8 5/8 94	200	101⅜	102⅛		7.98
BP CAPITAL 9 5/8 93	150	102⅝	103⅛	[illegible]	7.93
CANADA 9 96	1000	103¾	103⅞	[illegible]	8.06
CARCO 9 1/4 96	650	99⅝	100¼	[illegible]	9.38
CCCE 9 1/4 95	300	103⅜	104⅛	[illegible]	8.08
COUNCIL EUROPE 8 96	100	96½	97⅛		8.51
CREDIT FONCIER 9 1/2 99	300	104⅝	105	[illegible]	8.66
DENMARK 0 98	250	54¾	55¼	[illegible]	8.54
DENMARK 8 1/4 94	150	100⅝	101⅛	[illegible]	7.96
ECSC 8 1/4 96	193	100	100⅜	[illegible]	8.25
EEC 7 1/4 93	250	99¼	100¼	[illegible]	7.58
EIB 7 3/4 96	250	[illegible]	98¼		8.13
EIB 9 1/4 97	1000	[illegible]	103⅝		8.54
ELEC DE FRANCE 9 98	200	[illegible]	103¼		8.48
EUROFIMA 9 1/4 96	100	[illegible]	104	[illegible]	8.41
EXPORT DEV CORP 9 1/2 98	150	104⅞	105¼		8.56
FINLAND 7 7/8 97	200	96⅝	97⅛	[illegible]	8.60
FINNISH EXPORT 9 3/8 95	200	103⅝	104¼	[illegible]	8.36
FORD MOTOR CREDIT 9 1/2 93	300	102½	103		8.33
GEN ELEC CAPITAL 9 3/8 96	300	104½	104⅞		8.26
GMAC 9 1/8 96	200	101⅝	102¼	[illegible]	8.70
HALIFAX 9 1/2 93	200	102⅞	103⅜	[illegible]	7.99
IBM WORLD TRADE 7 5/8 93	150	99⅝	100⅛	[illegible]	7.87
IND BK JAPAN FIN 7 7/8 97	200	96⅝	96¾	[illegible]	8.67
INTER AMER DEV 7 5/8 96	200	96¾	97¼	[illegible]	8.38
ITALY 8 1/2 94	1500	101⅝	101¾	[illegible]	7.93
JAPAN DEV BK 8 94	150	100½	101	[illegible]	7.80
KANSAI ELEC PWR 10 96	350	104¾	105¼	[illegible]	8.78
LTCB 8 5/8 93	150	[illegible]	101¼		7.88
NEW ZEALAND 8 93	100	[illegible]	100¼	[illegible]	7.98
NIPPON CRED BK 9 3/4 93	150	[illegible]	103⅞		8.16
NIPPON TEL & TEL 9 3/8 95	200	[illegible]	104¼		8.20
NORDIC INV BANK 9 93	200	[illegible]	103		7.64
ONTARIO HYDRO 11 5/8 94	200	[illegible]	109½	[illegible]	8.07
OSTER KONTROLLBANK 8 1/8 93	200	101¼	101⅝	[illegible]	7.47
PETRO-CANADA 7 1/4 96	200	95½	96⅛	[illegible]	8.36
PRUDENTIAL RLTY SECS 0 99	365.216	50⅜	50⅞	[illegible]	9.23
QUEBEC HYDRO 9 3/4 98	150	104	104⅝		8.97
QUEBEC PROV 9 98	200	100⅝	101⅛	[illegible]	8.88
SAINSBURY 9 1/8 96	150	102¼	102⅝	[illegible]	8.60
SAS 10 99	200	99⅜	100⅜	[illegible]	10.04
SBAB 9 1/2 95	500	103⅞	104⅜		8.34
STATE BK STH AUST 9 1/4 93	100	101½	102½	[illegible]	8.30
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅜	103¼	[illegible]	8.18
SWEDEN 8 1/8 94	150	100⅝	101⅛	[illegible]	7.92
SWEDISH EXPORT 9 5/8 93	100	103⅜	103⅞		7.61
TOKYO METROPOLIS 8 1/4 96	200	99⅝	100	[illegible]	8.32
WORLD BANK 8 3/8 99	1500	99¼	100	[illegible]	8.57
WORLD BANK 8 3/4 97	1500	102½	102⅞	[illegible]	8.37
XEROX CORPN 8 3/8 96	100	95	97	[illegible]	9.57

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	98	98	[illegible]	8.47
AUSTRIA 6 98	400	85⅛	85½	[illegible]	8.90
CNT 6 1/8 98	200	84¼	85	[illegible]	8.99
CREDIT FONCIER 6 3/4 99	500	87⅛	87⅝	[illegible]	8.99
DEUTSCHE BK FIN 5 5/8 96	750	88⅛	88¼		8.58
EEC 5 3/8 93	300	94⅛	94½	[illegible]	8.91
EIB 6 1/8 96	300	87⅞	88⅛	[illegible]	9.13
EIB 6 7/8 95	300	93½	93⅞	[illegible]	8.63
EUROFIMA 6 1/4 98	400	87½	87⅞	[illegible]	8.62
FELDMUEHLE FINANCE 8 99	200	97	97	[illegible]	8.49
FERRO DEL STAT 5 3/8 93	500	94⅛	94⅝		8.94
IND BK JAPAN FIN 5 5/8 96	200	87½	87⅞	[illegible]	8.80
INTER AMER DEV 7 1/4 99	300	93	93	[illegible]	8.46
LUFTHANSA INT FIN 5 7/8 98	500	85¼	85⅝		8.66
QUEBEC HYDRO 6 3/4 99	300	88½	88½	[illegible]	8.82
SWEDEN 6 1/8 98	300	89⅛	89⅝		8.24
WORLD BANK 0 15	2000	16	16	[illegible]	7.70
WORLD BANK 5 3/4 96	300	87⅛	87½	[illegible]	9.07
WORLD BANK 7 1/8 95	500	94½	94⅞	[illegible]	8.89

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	93½		[illegible]	6.60
AUSTRIA 4 5/8 98	100	89½	90½	[illegible]	6.58
CHUJITSUYA 7 3/4 95	50	102⅝	103	+1	6.99
COUNCIL EUROPE 4 3/4 98	250	90	91	[illegible]	6.61
EEC 5 1/2 00	100	91⅛	92		6.72
EIB 5 3/4 93	100	98			6.61
ELEC DE FRANCE 7 1/4 06	100	104½	105		6.79
FINLAND 5 3/8 95	150	95½	96½		6.54
GENERAL MOTORS 7 1/2 95	100	102½			6.76
JAPAN DEV BK 5 1/2 94	100	96½	97½	[illegible]	6.89
NEW ZEALAND 4 7/8 99	200	88⅝	89	[illegible]	6.82
QUEBEC HYDRO 5 08	100	80½	81½		7.00
SKANDINAVISKA ENSK 6 1/2 95	100	100	101½		6.49
WORLD BANK 5 03	150	85½	86½		6.77
WORLD BANK 7 1/4 92	100	101¼	101¾	[illegible]	6.16

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	94⅛	94½		7.16
CANADA 4 3/8 92	80000	96¾	97		7.26
CREDIT FONCIER 5 1/4 94	20000	93⅞	94¼		7.22
DENMARK 7 95	40000	100	100¼	[illegible]	6.99
EIB 4 5/8 94	40000	93⅛	93⅝		7.10
GENERAL ELECTRIC 5 3/4 93	35000	96⅛	97⅛		7.58
INTER AMER DEV 7 1/4 00	30000	102⅞	102⅜		[illegible]
ITALY 5 3/4 92	150000	98⅝	99		7.28
KANSAI ELEC PWR 4 5/8 94	60000	92⅞	93⅜		7.31
NIPPON TEL & TEL 5 7/8 96	50000	95⅝	95⅞		6.88
NORWAY 5 1/8 95	50000	93½	93⅞		7.85
SWEDEN 5 5/8 95	20000	94⅝	94⅞		7.13
WORLD BANK 6 3/4 00	50000	99¼	100		6.79

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	92¾	93¾		9.66
KREDIETCORP 7 93 LFr	1000	94⅛	95⅛		9.72
WORLD BANK 8 96 LFr	1000	96	97		9.02
ALBERTA PROVINCE 10 92 C$	300	[illegible]	100⅛		9.81
[illegible]	300	[illegible]	99⅝		10.03
[illegible]	150	[illegible]	101⅞	[illegible]	10.42
[illegible]	150	[illegible]	99⅛	[illegible]	9.68
EIB 10 1/8 98 C$	130	100⅝	101⅛	[illegible]	9.96
FORD CREDIT CANADA 10 94 C$	100	98⅛	98⅝	[illegible]	10.65
GENERAL ELECT CAP 10 1/4 93 C$	175	101	101⅜		9.72
[illegible] 1/2 92 C$	100	98¼	98¾	[illegible]	10.28
[illegible] 99 C$	500	102⅝	103	[illegible]	10.37
QUEBEC PROV 10 1/2 98 C$	200	100¼	100⅝	[illegible]	10.43
ROYAL TRUSTCO 10 1/4 93 C$	100	99¼	99¾		10.63
SWEDEN 9 3/4 93 C$	250	100⅛	100⅝		9.66
BELGIUM 9 1/8 96 Ecu	[illegible]	[illegible]	100⅜		9.05
[illegible] 3/8 93 Ecu	[illegible]	[illegible]	95½	[illegible]	10.24
CREDIT LYONNAIS 9 96 Ecu	[illegible]	[illegible]	96⅛	[illegible]	10.00
DENMARK 7 5/8 96 Ecu	250	[illegible]	91	[illegible]	10.12
EEC 7 5/8 94 Ecu	200	[illegible]	96⅛	[illegible]	9.26
EIB 10 97 Ecu	1125	[illegible]	104⅞		8.91
ITALY 10 3/4 00 Ecu	1000	109⅛	109⅝	[illegible]	9.20
UNITED KINGDOM 9 1/8 01 Ecu	2750	100⅝	100⅞	[illegible]	9.05
BMW FINANCE 14 1/2 92 A$	100	101⅝	102⅛		12.56
COUNCIL EUROPE 13 93 A$	50	101	102		12.33
EKSPORTFINANS 12 3/8 [illegible]	75	101⅛	102⅛	[illegible]	11.79
FORD CRED AUST 13 93 A$	50	99⅝	100½	[illegible]	13.27
ICI 15 1/2 92 A$	100	103⅝	103¾	[illegible]	12.17
MCDONALDS CANADA 15 95 A$	100	107	107½	[illegible]	12.70
NAT AUSTRALIA BANK 14 3/4 94 A$	150	[illegible]	106⅛	[illegible]	12.19
STATE BK NSW 14 1/4 99 A$	100	109⅛	109⅝	[illegible]	12.41
VOLKSWAGEN INTL 15 94 A$	100	105¼	106¼	[illegible]	12.59
ABBEY NATL TREAS 13 3/8 95 £	100	106⅛	106⅝	[illegible]	11.23
BARCLAYS JERSEY 9 1/2 93 £	250	97⅛	97⅝	[illegible]	11.11
BRITISH GAS 12 3/4 95 £	300	105⅛	105⅝	[illegible]	10.95
DEUTSCHE BK FIN 11 94 £	225	100⅝	101		10.69
EIB 10 97 £	386.5	97⅛	97⅝	[illegible]	10.58
FORD CREDIT FUNDING 9 5/8 93 £	50	96	96⅛	[illegible]	11.98
INTER AMER DEV 11 3/8 95 £	75	102⅝	103		10.54
ITALY 10 1/2 14 £	400	95	95¼	[illegible]	11.11
LAND SECS 9 1/2 07 £	200	81⅞	82¼	[illegible]	12.11
LEEDS PERMANENT 9 1/4 93 £	50	95¼	96⅛	[illegible]	11.58
NORWAY 10 1/2 94 £	200	99⅝	100	[illegible]	10.63
ROLLS-ROYCE 9 5/8 93 £	150	96	96½	[illegible]	11.72
SAINSBURY 10 7/8 93 £	100	99⅛	99⅝		11.38
SKANDINAVISKA ENSK 13 1/8 95 £	100	105⅝	106	[illegible]	11.31
WORLD BANK 11 1/4 95 £	100	102⅛	102⅝		10.57
ABBEY NATIONAL 0 96 NZ$	100	52⅞	53⅜		12.47
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	102	103		12.04
AIDC 7 7/8 93 FFr	600	96⅛	96⅝	[illegible]	9.49
CREDIT LYONNAIS 10 95 FFr	3200	101⅝	102⅛	[illegible]	9.45
EURATOM 7 5/8 98 FFr	500	91⅛	91⅝		9.33

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	900	100.10	100.20	7.5938
ALLIANCE & LEICS 0.08 94 £	300	99.44	99.54	14.1425
BANCO ROMA 0.05 01	200	91.75	92.75	7.9563
BANCO SANTO SPIRITO 93	200	99.60	99.70	6.5000
BELGIUM 1/16 97 DM	500	99.95	100.07	9.1250
BFCE -0.02 96	350	100.10	100.20	7.7925
BNP 05	300	96.75	97.25	7.4375
BRITANNIA 1/10 96 £	150	98.97	99.17	14.1625
COMMERZBK O/S FIN 93	200	99.79	99.89	6.5625
DENMARK -1/8 96	1000	99.41	99.51	6.5938
DRESDNER FINANCE 1/32 98 DM	1800	99.66	99.79	9.2188
ELEC DE FRANCE 1/8 99	400	100.00	100.50	7.0000
FERRO DEL STAT 94	200	100.58	100.68	6.8750
HALIFAX 1/10 94 £	200	99.73	99.83	13.6000
HILL SAMUEL 1/4 PERP	75	83.00	85.00	8.5000
MITSUI FIN ASIA 1/8 96	100	99.73	99.83	7.8000
MORGAN (JP) 1/4 97	250	98.00	98.25	7.0625
NAT WEST FIN 3/16 05	400	92.13	93.73	8.3125
NEW ZEALAND 95	500	99.81	99.91	6.5000
QUEBEC PROV 01	300	96.84	97.04	8.1250
RENFE 98	500	99.91	100.01	7.8750
SOCIETE GENERALE 96	300	99.09	99.18	6.3125
STATE BK VICTORIA 0.05 99	125	98.29	98.45	7.8625
UNITED KINGDOM -1/8 96	4000	100.02	100.05	6.1875

CONVERTIBLE BONDS	Issued	[illegible]	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	[illegible]	2.95	113⅛	114⅛	+6.62
ASDA-MFI 4 3/4 02 £	100	1.64	113⅛	114½	+41.94
BURTON GROUP 4 3/4 01 £	110	3.15	117	118⅛	
EASTMAN KODAK 6 3/8 01	300	50.67	96	97	+16.86
GOLD KALGOORLIE 7 1/2 00	65	1.0554	58	59	+44.32
GOODYEAR TIRE 6 7/8 03	150	80⅛	66	67½	
GRACE (WR) 6 1/4 02	150	42½	88⅛	89⅛	+22.08
GRAND MET 6 1/4 02 £	100	6.58	121⅞	123	-3.12
HAWLEY 6 02 PREF	400	1.91	85	88½	+75.53
HILLSDOWN 4 1/2 02 £	150	4.16	107⅛	108⅛	+69.79
INTL PAPER 5 3/4 02	200	[illegible]	96½	97½	+9.94
LAND SECS 6 3/4 02 £	[illegible]	[illegible]	90⅛	91⅛	+12.36
[illegible] BK 1 3/4 02	300	2727.1	105⅛	107⅛	-0.62
OGDEN 6 02	[illegible]	39.077	71⅛	72⅛	+39.70
PACIFIC DUNLOP 6 3/4 97	75	3.749	110	111	+0.96
TEXAS INSTRUMENTS 2 3/4 02	300	82⅛	82⅜	83⅜	+63.28
THORN EMI [illegible] 04 £	103	7.45	110⅞	111⅞	+12.69

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Hydro Quebec increases 10-year issue to DM600m

By Simon London

NEW issue activity remained subdued yesterday with a dearth of currency and interest swaps opportunities deterring many borrowers.

Despite the lack of outstanding arbitrage opportunities, Hydro Quebec came with a substantial DM600m 10-year issue, increased from DM500m, lead managed by Westdeusche Landesbank.

The paper carries a coupon of 8⅝ per cent and was issued at 101½, with full fees of 2⅛ per cent. At a discount equivalent to full fees the bonds yield 8.76 per cent, or around 45 basis points over the benchmark 9 per cent German government bond maturing 2001. This proved enough to draw strong demand for paper guaranteed by the Province of Quebec.

Also active in the D-Mark sector was Daiwa House Industry, the Japanese construction company with its roots in house building.

The company launched a DM400m five-year equity-linked deal through Daiwa Europe, the largest D-Mark warrant bond issue by a Japanese company, and a $350m five-year warrant issue lead-managed by Nomura International.

Both [illegible] were well received by investors keen to buy warrant bonds priced against the new levels of the Tokyo stock market – following last year's 48 per cent fall in the Nikkei Index from its high in late 1989.

Daiwa House's share price suffered less last year than many other Japanese property and construction concerns. Yesterday the shares were trading at around Y2,000, against Y2,800 in 1989.

Issued at par, the dollar bonds traded at 101½ bid by late afternoon. The D-Mark bonds traded at around 101 bid.

Daiwa Europe commented that D-Mark warrants can now be placed in Japan for the first time under changed Japanese securities regulations. This may lead to an increased volume of D-Mark-denominated warrant bonds issued by Japanese companies.

Elsewhere, McDonald's Restaurants of Canada came with a C$100m five-year offering lead-managed by Merrill Lynch. The paper carries a coupon of 10¼ per cent and was re-offered to investors at the fixed price of 99.72 for a yield of 65 basis points over comparable Canadian government bonds. The paper traded at around 99.68 bid, against full fees of 30 basis points.

Compagnie Bancaire broke a three-week drought of new issues in the French franc sector with a FFr1bn three-year issue lead managed by Crédit Lyonnais. The bonds pay a coupon of 9.5 per cent and were priced to yield 40 basis points over the comparable four-year French government bond.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Daiwa House Ind.(a)♦	350	4½	100	[illegible]	2¼/1½	[illegible] Int.
CANADIAN DOLLARS						
McDonald's Rest.Canada(a)†	100	[illegible]	99.72	1996	30/20bp	Merrill Lynch Int.
FRENCH FRANCS						
Compagnie Bancaire(a)†	1bn	9.50	100.825	1994	1⅜	Credit Lyonnais
D-MARKS						
Hydro Quebec(a)†	600	8⅝	101½	2001	2½/1½	WestLB
Daiwa House Ind.(a)♦	400	4½	100	1996	2¼/1½	Daiwa Europe GmbH
Union Bk of Finland(a)†	200	9	101⅞	1994	1½/1	CSFB Effectenbank
SWISS FRANCS						
Oes'teche.Kontrollbank(b)†	150	6⅝	102	2001	2⅜	Wirtschafts & Privatbk.

☆Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable: b) Callable 15/5/99 at 101%, and 15/5/00 at 100½%.

Japanese investors face dividend dilemma

Emiko Terazono analyses a change of attitude caused by the sharp drop in the Nikkei

Japanese investors have long been content to take their stock market profits in the form of capital gains. For years the market has risen so relentlessly that dividends seemed irrelevant.

But last year's stock market crash, when the Nikkei average fell almost 40 per cent, has made some investors think again. Some institutions have realised that a stable flow of dividend income could be a useful additional way of meeting their obligations. Stockbrokers have been promoting high-yield issues as a way of encouraging investors back into the market.

Attitudes will not change overnight, since many investors still see capital gains as their first priority. Furthermore, buying shares for dividend growth goes against the grain of much Japanese corporate stock market investment, which is done to cement ties with commercial partners rather than secure financial returns. But the change is on the way.

Dividend yields have been falling since 1951 when the average yield peaked at 11.9 per cent: in 1990 they stood at 0.54 per cent. Requests for higher dividend payouts have been led by the life insurance companies, which hold roughly 12 per cent of the Tokyo stock market.

Mr Tetsuo Yoshizawa, a senior manager of investment planning at Dai-Ichi Mutual Life, Japan's second largest insurance company, says investors deserve to collect returns on their investments. "The companies have been telling us, the shareholders, to wait because of their need for growth. Now we're asking them how much longer the waiting is going to be."

He adds it is a big mistake for companies to think they are financing themselves through the equity market at almost zero cost. "The companies have to realise it is the shareholders who are financing the company, they must compensate them."

Dai-Ichi Life sent its officials to companies with low ratios of dividends to shareholders equity (called DOE). It has also divided companies into five ranks by DOE and has started to sell off some holdings in companies in the lowest two ranks. According to the Life Insurance Association of Japan, the average DOE for 1989 in the Japanese stock market was 2.26 per cent compared with 6.59 in the US.

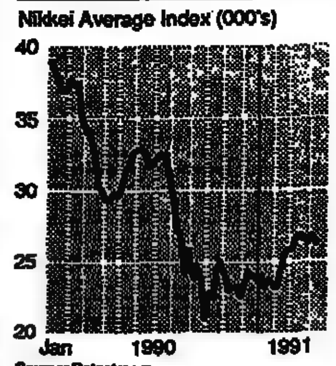
Dai-Ichi Life is not alone in its quest for higher yields. At the end of last year, other frustrated life insurers also announced they would be rating companies in the light of returns to investors. Not only are institutions calling for change, but the authorities have started to indicate that the decline of investor confidence in the stock market was in part due to low payout ratios.

A Ministry of Finance official says the ministry reviewed applications for permission to issue new equity in the light of the benefits a company brought to investors. "The companies have to realise they are the ones driving the investors away by keeping payouts low, thus decreasing the ability of fundraising through the equity markets."

Meanwhile, the Tokyo Stock Exchange has pressed the Federation of Economic Organisations (Keidanren), the main employers' organisation, for an improvement in investor rights.

Japan

Nikkei Average Index (000's)



Source: Datastream

Insurance companies are especially keen to obtain higher dividend payments because the payouts they make to policyholders on savings-related insurance schemes are funded from dividends and from capital gains secured through special trust accounts - called tokkin. But the end of the long bull market has made capital gains more difficult to secure, so insurance policies have become uncompetitive against the variety of money deposits now on offer as a result of deregulation.

For example, insurance companies currently pay policyholders 6.3 per cent for their 5-year single-premium endowment policies, compared with 7.3 per cent on 5-year post office deposits, and 7.9 per cent on the long-term deposits at long-term credit banks.

Because of this, insurance companies have seen a sharp increase in the outflow of funds. Refunds due to cancellation of policies between April and November last year surged 63 per cent to Y2,590bn.

There would be an enormous impact on corporate life in Japan if more shareholders start assessing their portfolios in terms of dividend income. Japanese companies have traditionally held each other's shares for strategic and symbolic purposes. Since the return on cross-shareholdings is seen in the context of a wide-ranging business relationship, companies have not paid close attention to the direct return on shares.

Cross-shareholdings account for a sizeable proportion of the capitalisation of the Tokyo stock market, and in March 1990, 75 per cent of the market was in corporate and institutional hands. A fair amount can be attributed to strategic cross-holdings, although this figure includes investment [illegible] and other investment instruments.

So there has been little incentive for dividend [illegible] to keep pace with earnings.

In spite of the urgings by some institutions, changes are not expected to happen quickly. Companies point out that, due to tax laws, investors prefer capital gains to dividend income. Financial institutions are levied a 20 per cent withholding tax on dividends.

However, institutions, which need the cash-flow, argue that taxation is a secondary matter. "The major problem is that dividend yields are so low it has come to a point it doesn't make a difference if we receive dividends or not," said a Dai-Ichi Life official.

The bigger barrier to change is the support many in the business community give the present system which has served Japan well for so long.

It will be hard for institutions with close links with industrial companies to jeopardise their relationships by selling holdings, especially for those which belong to *keiretsu*, or large commercial groupings, such as Mitsubishi or Sumitomo.

Banks, which own more than 20 per cent of the market, are reluctant to sell relationship holdings, since profits can be obtained through [illegible] transactions with a company. An official at Sanwa Bank says if the overall profitability of the relationship with a company is not meeting required levels, the most a bank can do is not buy that company's shares in the future. "To sell shares of a company is considered too drastic a move."

Will companies respond to the voices of the investors and authorities? A senior manager at Mitsubishi Corporation, the trading company, said a company's main obligation is to raise return on equity and earnings per share, and questioned the importance of dividend yields.

"If the company needs capital investment or other funds to sustain growth, it shouldn't have to give out funds to investors." He added that eventually Mitsubishi would have to review its dividend policy but it would be a long, slow, process.

Bonn may axe savings withdrawal rule

THE GERMAN Finance Ministry may scrap laws enforcing a statutory three-month notice of withdrawal on savings deposits, Reuter reports from Bonn.

A ministry paper written for discussion of changes to credit laws, said: "The ministry suggests abolishing the rules concerning savings transactions in the banking law."

Banks have until June 3 to respond to the proposals. The Bundesbank has responded, saying it is important to maintain the term "savings deposit" because of its relevance to various regulations such as minimum reserve requirements. But it proposes a simplification of the definition of savings.

There is a statutory three-month notice period on deposits. A client may withdraw only DM2,000 immediately.

Any withdrawal of more than this amount within the notice period makes the depositor liable to forfeit interest.

The Finance Ministry said that from a regulatory point of view there was no need for laws governing deposits. German press reports have said investors do not need laws to encourage them to save.

The ministry added that banks had to decide whether they took the existing laws into their own statutes entirely or in a modified form. "Since there are now some DM800bn-worth of savings deposits outstanding, we can presume that they will do this," the ministry said.

China paves way for first Samurai issue by stating Japan's approval

By Robert Thomson in Tokyo

THE CHINESE government is attempting to pave the way for its first Samurai bond issue by assuring Japanese financial houses that the Japanese government has already implicitly approved such an issue.

State-run Chinese financial institutions, such as the China International Trust and Investment Corporation (Citic) and the Bank of China, the foreign exchange bank, had regularly organised Samurai issues – yen-denominated bonds issued in Japan by a foreign entity – until the crushing of the pro-democracy movement in 1989.

But the Chinese government, through the finance ministry, has not issued bonds in Japan since the 1949 revolution, though the government backed a DM300m issue in 1987 in Germany. Japan's finance ministry has yet to announce formal approval for Chinese organisations to launch Tokyo issues, which were suspended after the summer of 1989, though Chinese officials have assured Japanese bankers that they have received approval.

A Samurai issue by Peking, which needs hard currency to service foreign debt obligations, would mark the end of financial sanctions imposed on the Chinese government, and would test the strength of the sluggish Samurai market, which saw a flurry of issues in February but has since been quiet.

A bond manager at Nomura Securities said that Chinese officials had been sounding out Japanese institutions in the hope of an issue soon, but they had not, as some Japanese reports had suggested, already arranged an issue with Japanese securities houses including Nomura.

"The Chinese government is using the Japanese press to get its message across. They want an issue but there is still a problem with approval in Tokyo," the manager said.

Citic and the Bank of China are also known to be keen to issue yen bonds, and an executive at a Japanese bank said that his Peking representatives had negotiated with the two organisations: "They tell us they have approval from our finance ministry, but we don't know if the time is right just yet."

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Apr 10 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Tue Apr 9 Index No.	Mon Apr 8 Index No.	Fri Apr 5 Index No.	Year ago (approx) [illegible]
1	CAPITAL GOODS (187)	877.72	-0.6	11.27	5.50	10.87	9.61	883.21	881.70	886.64	840.97
2	Building Materials (24)	1132.51	-0.5	11.56	5.47	10.68	5.50	1138.54	1140.33	1145.03	1023.70
3	Contracting, Construction (31)	1387.07	-0.4	10.61	5.68	12.18	15.34	1393.03	1396.13	1413.40	1350.55
4	Electricals (10)	2420.88	-0.5	11.06	5.52	11.14	13.27	2433.16	2424.55	2463.13	2379.40
5	Electronics (26)	1883.67	----	8.32	4.74	15.99	3.12	1883.36	1863.84	1854.97	1768.93
6	Engineering-Aerospace (8)	458.94	-2.2	15.26	5.42	7.91	8.86	469.23	463.55	466.42	437.26
7	Engineering-General (47)	461.93	-0.9	12.74	5.68	9.46	6.28	466.13	467.31	468.00	462.67
8	Metals and Metal Forming (8)	491.45	-2.1	18.56	7.02	6.65	0.59	501.78	506.16	509.10	481.72
9	Motors (13)	353.30	+0.2	12.53	6.76	9.37	6.55	352.71	348.79	353.11	344.00
10	Other Industrial Materials (20)	1568.83	-0.4	9.15	5.16	12.90	28.92	1575.01	1574.36	1586.61	1548.45
21	CONSUMER GROUP (185)	1464.88	-0.2	8.37	3.63	14.80	9.69	1467.56	1472.64	1480.99	1204.23
22	Brewers and Distillers (22)	1769.73	+0.1	9.08	3.66	13.56	14.76	1767.76	1779.89	1794.58	1394.57
25	Food Manufacturing (20)	1204.57	-0.1	9.40	4.05	13.10	15.95	1206.23	1208.53	1210.94	1052.25
26	Food Retailing (16)	2827.09	+0.1	7.74	2.75	16.89	4.34	2824.42	2824.07	2810.49	2245.72
27	Health and Household (21)	3200.61	-0.7	6.34	2.64	18.74	17.97	3222.91	3266.59	3300.52	2525.36
29	Hotels and Leisure (21)	1367.61	-0.2	10.13	5.04	11.61	9.39	1370.69	1376.41	1390.53	1353.72
30	Media (24)	1508.69	-0.1	9.19	4.48	13.71	14.07	1509.60	1495.03	1497.42	0.00
31	Packaging, Paper & Printing (16)	680.34	----	8.21	4.85	15.24	5.03	680.45	677.86	679.90	565.62
34	Stores (34)	930.42	----	8.94	3.86	14.51	2.21	930.89	926.65	932.43	730.03
35	Textiles (11)	547.63	-0.3	9.69	5.88	13.02	2.61	549.26	551.11	556.17	487.00
40	OTHER GROUPS (108)	1223.16	-0.2	9.84	4.93	12.43	8.15	1225.29	1225.86	1228.91	1120.60
41	Business Services (13)	1233.29	+0.1	10.91	4.82	11.23	2.85	1232.16	1217.93	1227.74	0.00
42	Chemicals (21)	1272.52	+0.1	9.17	5.62	12.51	23.53	1271.66	1274.55	1284.01	1187.81
43	Conglomerates (10)	1554.07	-0.7	10.79	6.61	11.07	10.66	1564.96	1573.24	1585.53	1577.35
44	Transport (14)	2199.39	-0.9	11.24	4.70	10.84	6.97	2218.47	2215.34	2225.08	2158.59
45	Electricity (14)	1167.24	+0.7	11.87	5.72	10.55	0.00	1158.69	1154.71	1154.89	0.00
46	Telephone Networks(4)	1461.63	-0.3	9.09	3.42	14.31	0.00	1466.02	1460.80	1454.88	1110.24
47	Water(10)	2505.29	+0.3	13.53	5.59	8.26	39.69	2498.09	2503.23	2503.36	1865.39
48	Miscellaneous (22)	1916.03	-0.2	6.31	4.87	20.16	21.99	1919.30	1937.38	1946.79	1787.36
49	INDUSTRIAL GROUP (480)	1248.44	-0.3	9.44	4.43	13.04	9.39	1251.83	1253.63	1259.44	1100.64
51	Oil & Gas (20)	2376.02	-0.4	10.90	5.61	11.98	38.85	2384.45	2391.72	2396.66	2235.21
59	500 SHARE INDEX (500)	1344.78	-0.3	9.62	4.58	12.89	11.66	1348.57	1350.79	1356.60	1195.32
61	FINANCIAL GROUP (97)	834.84	-0.8	-	5.65	-	15.07	841.37	838.51	850.47	800.38
62	Banks (9)	933.51	-0.8	7.85	5.88	18.35	21.93	940.61	930.08	946.49	864.15
65	Insurance (Life) (7)	1540.24	-0.7	-	5.37	-	38.87	1551.77	1557.19	1573.75	1278.94
66	Insurance (Composite) (6)	697.76	-1.1	-	6.29	-	11.60	705.33	704.24	717.37	645.17
67	Insurance (Brokers) (8)	1174.88	-0.1	6.23	5.72	20.91	20.10	1175.63	1195.67	1202.38	1039.74
68	Merchant Banks (7)	422.31	-1.3	-	4.80	-	3.90	427.91	433.16	433.37	454.84
69	Property (40)	1018.99	-0.6	6.61	4.59	20.46	3.69	1025.29	1023.54	1036.72	1165.78
70	Other Financial (20)	290.80	-0.8	9.60	6.21	12.84	3.59	293.13	293.49	294.39	313.98
71	Investment Trusts (69)	1205.50	-0.5	-	3.41	-	10.52	1211.98	1213.40	1220.06	1138.02
99	ALL-SHARE INDEX (666)	1219.80	-0.4	-	4.70	-	12.18	1224.17	1225.31	1232.32	1098.61

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 9	Apr 8	Apr 5	Apr 4	Apr 3	Year ago
FT-SE 100 SHARE INDEX‡	2518.8	-8.4	2518.9	2506.0	2527.2	2529.9	2545.3	2524.5	2519.1	2215.5

FIXED INTEREST

	PRICE INDICES	Wed Apr 10	Day's change %	Tue Apr 9	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	120.85	----	121.10	1.55	3.52
2	5-15 years (30)	132.23	-0.04	132.28	2.06	3.87
3	Over 15 years (8)	139.48	-0.08	139.59	1.50	4.05
4	Irredeemables (6)	156.05	+0.03	156.01	3.77	1.50
5	All stocks (72)	130.87	-0.03	131.00	1.88	3.79
	Index-Linked					
6	Up to 5 years (1)	157.87	----	157.86	-0.32	2.72
7	Over 5 years (10)	147.00	+0.05	146.93	0.77	1.16
8	All stocks (11)	147.85	+0.05	147.79	0.74	1.21
9	Debs & Loans (54)	109.80	+0.03	109.77	2.25	2.65

	AVERAGE GROSS REDEMPTION YIELDS		Wed Apr 10	Tue Apr 9	Year ago (approx.)
	British Government				
1	Low	5 years	9.15	9.22	11.75
2	Coupons	15 years	9.56	9.54	11.33
3	(0%-7¾%)	20 years	9.67	9.64	11.21
4	Medium	5 years	10.14	10.12	12.90
5	Coupons	15 years	9.97	9.97	11.79
6	(8%-10¾%)	20 years	9.93	9.92	11.36
7	High	5 years	10.29	10.27	13.01
8	Coupons	15 years	10.15	10.14	12.09
9	(11%-)	20 years	10.10	10.09	11.62
10	Irredeemables		9.93	9.93	11.21
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	3.72	3.72	4.54
12	Inflation rate 5%	Over 5yrs	4.10	4.10	4.12
13	Inflation rate 10%	Up to 5yrs	2.92	2.91	3.60
14	Inflation rate 10%	Over 5yrs	3.92	3.93	3.95
15	Debs &	5 years	11.86	11.86	13.70
16	Loans	15 years	11.64	11.64	13.70
17		25 years	11.43	11.43	13.70

‡Opening index 2506.0; 9 am 2508.1; 10 am 2518.4; 11 am 2513.9; Noon 2513.1; 1 pm 2515.7; 2 pm 2514.2; 2.30 pm 2514.3; 3 pm 2517.4; 4.10 pm 2518.7; (a) 10.09am (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	11	49	23
Corporations, Dominion and Foreign Bonds	2	2	16
Industrials	180	447	918
Financial and Properties	75	236	435
Oils	12	33	47
Plantations	0	0	10
Mines	33	34	95
Others	21	98	51
Totals	334	[illegible]	1,595

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div.	Times Cov'd.	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings April 8
- Last Dealings April 19
- Last Declarations July 11
- For settlement July 22

For rate indications see end of London Share Service

Calls in ADT, Aviva Pet., Brent Walker, Budgens, Ferranti, Markheath, Oliver Res., Siebe, TNT, Tiphook and Whitegate Leis. Puts in Albert Fisher and Ratners.

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Underlying security price. † Long dated expiry months. Premiums shown are based on offer prices.

UK COMPANY NEWS

Ocean launches £88m cash call

By Clare Pearson

OCEAN GROUP, the [redacted] industrial conglomerate, yesterday added a further rights issue to the lengthening list of those underway in the London market.

It is asking shareholders for £88m on a 1-for-4 basis.

Directors said the proceeds, which would eliminate gearing currently standing at about 50 per cent, would enable Ocean to continue its programme of investment and selective acquisitions.

Ocean announced [redacted] such new project yesterday: a refuse-to-energy power stat[redacted] [redacted] Bexley, Kent, [redacted] which [redacted] has submitted plans to the Department of Energy. However, this is not the reason for the rights [redacted] as it [redacted] funding to come from a consortium on a non-recourse basis.

The rights issue is of 30.59m shares at [redacted]. The shares eased 12p [redacted] 354p on the day.

Ocean also unveiled results for 1990 showing a modest rise to £48m (£46.1m) in pre-tax profits on turnover of £1.1bn (£1.04bn). Earnings per share were 28.1p (27.5p). The final dividend [redacted] lifted [redacted] 9.53p (9.19p) making 14.2p (13.43p) for the year.

The marine services division, involved in offshore boats and [redacted] towage, pushed profits [redacted] (£15.7m). They were boosted by OSA, the 1989 acquisition in Germany. Ocean further expanded [redacted] division last summer with the £24m p[redacted] of Tees Towing, a Middlesborough-based tug owner.

Freight and [redacted] services, affected by Gulf disruption and the weaker dollar, pitched in £20.8m (£23.9m).

The company, formerly known as Ocean Transport & Trading, emerged from its former ship-owning incarnation after attracting a hostile takeover bid from Sir Ron Brierley, the Australasian businessman, in 1986.

Mr Nicholas Barber, chairman, said it had spent £225m on investments over [redacted] four years initially funded from divestments, notably the shareholding in Overseas Containers.

● COMMENT

Compared with many of the other recent ones, this rights issue [redacted] as a bit of surprise – the company is not desperately short of cash and, unless its protestations are disingenuous, has no big deal up its sleeve. However, there is something to be said for Ocean's argument that it might as well get the money in while it can. Considering the company spent £90m last year, of which £69m went on new projects and acquisitions with a fair element of goodwill, it is easy to see that it was a question of new shares or higher gearing. Although Mr Barber was not forthcoming, future investment plans appear to be focused on the freight and environmental businesses. This year's pre-tax profits should be about £58m putting the shares on a prospective p/e of about 12.5. The company has a solid record [redacted] now has an increasingly greenish tinge; the rights are worth taking up.

TIP slumps to £2.46m as interest bill [redacted]

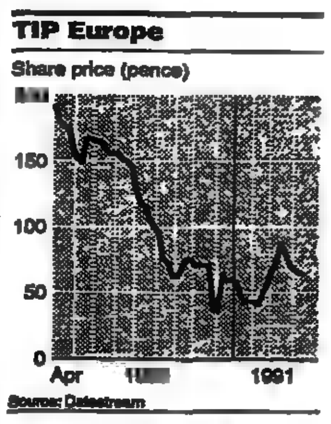
By Jane Fuller

IN A tough six months which saw the renegotiation of a loan agreement, taxable profits at TIP Europe slumped from £7.56m to [redacted]. The interim dividend is cut to a third of last year's level.

The trailer rental group's 67 per cent profits decline came in spite of a near-26 per cent rise in turnover to £53.3m (£42.35m) and was struck after exceptional charges of £1.68m relating to closures and bank fees.

Operating profit slipped by £518,000 to £12.82m, leaving the interest bill of £8.68m (£5.77m) covered only 1.5 times. The breaching of a requirement [redacted] 1.8 times during each quarter led to this winter's rearrangement of a £40m multi-option financing facility involving 18 banks.

Mr Jim Davis, who replaced Mr Jim Cleary as chairman in November, [redacted] the [redacted] have [redacted] forced into receivership. [redacted] new agreement, the interest cover stipulation had [redacted] reduced to 1.25 times.



[redacted] debt remained at [redacted] on January 31, giving gearing of 370 per cent. Mr Davis said borrowings [redacted] uncomfortably high and the group was considering ways of reducing the burden.

Mr David Callear, [redacted] director, said that since January borrowings had begun to fall for the first time for three years. This was being achieved by cutting capital spending from £70m to £10m, slimming down the trailer fleet and managing cash more tightly.

Mr Davis said the executive team had been revamped and the workforce cut, the head office moved from Buckinghamshire to West Yorkshire and loss-making branches closed.

In trailer rental, which accounts for 73 per cent of turnover, the UK operation suffered a pre-tax loss of £850,000. The recent utilisation rate was only 68 per cent. On the Continent, [redacted] by £7m, overtaking the UK.

In general leasing, a loss [redacted] truck [redacted] distrib[redacted] had been offset by Key Leasing and a Dutch acquisition that supplied temporary offices.

Earnings per share fell to 2.27p (7p) and the interim dividend is cut to 0.56p (1.7p).

● COMMENT

TIP, which [redacted] second [redacted] Tiphook [redacted] European trailer rental market, paid the penalty for rampant acquisitiveness by going into a recession over-borrowed. The new management has brought the group back from the financial [redacted] and at last got debt moving in the right direction. An injection of capital is on the horizon to strengthen the balance sheet. The good news is the longer-term scope for growth. On the Continent, trailer rental accounts for only 5 per cent of a market dominated by owner-operators, compared with a UK proportion of about 15 per cent. In the short term, though, TIP [redacted] some uphill work [redacted] improve both utilisation and prices. Pre-tax profit is forecast [redacted] fall to £7.5m (£15.5m) [redacted] year, with earnings per share at less than their 1986 level. The prospective p/e is 8.5 on yesterday's close of 64p. The price plummeted from 208p to 36p last year and its recovery [redacted] helped [redacted] Tiphook taking [redacted] 9.9 per cent [redacted]. Until the likely equity-increasing plan [redacted] clearer, the price looks about right.

Avonmore Foods trend improves

Avonmore Foods, the Irish food products and ingredients gro[redacted] reported [redacted] marginal [redacted]se from I£13.2m [redacted] (£11.9m) in 1990 pre-tax profits, after showing [redacted] 10 per cent decline midway. The dividend rises by 10 per cent to 2.75p.

Turnover rose [redacted] cent to I£499.7m. Domestic [redacted] for [redacted] per cent (59 per cent) of the total with milk products accounting for 30 per [redacted] cent).

Irish Sugar issues flotation details

By Kieran Cooke in Dublin

IRISH SUGAR, the state owned food company, has [redacted] details of its partial flotation on the Dublin and London exchanges.

Only [redacted] cent of the group, which will be renamed Greencore, is being sold, with the government holding on to the rest, including a golden share to prevent any corporate investor holding more than 15 per cent of the equity.

In total 39.5m shares are being offered. Of those, 33m are priced at I£2.3 each, with [redacted] employees and sugar beet growers at [redacted]ted I£1.84.

Market analysts described the offer price [redacted] by no means generous. This is the first privatisation of a big Irish company and the government is concerned not to be seen to be selling off state assets cheaply.

Mr Chris Comerford, chief executive of Irish Sugar, said the price wa[redacted] and [redacted] in the context of the food sector in [redacted] today."

No big rush for the shares by the public is expected. Institutions are expected to take [redacted] the bulk and the group said [redacted] had received firm undertakings from them for 19.7m shares. That included a substantial commitment from Germany.

Applications lists will open and close on April 18, with trading starting on April 26.

Institutions back new Europa management

[redacted] Kenneth Gooding, Mining Correspondent

INSTITUTIONAL shareholders rallied behind the new senior management team at Europa Minerals, the mining finance company under siege from a rebel shareholder group, at yesterday's annual meeting.

Resolutions to re-elect three directors, including Mr Arthur Smith, the new chief executive, were each carried on a poll by 18.6m votes to 6.6m.

Mr Alastair Holberton, who leads the rebel group, said after the meeting that, now Europa had been forced to make changes to its management and strategy, he had expected the institutions would mainly support the board. "But the jury is out, now they must perform."

He was concerned about the announcement at the meeting that Europa was considering buying into a wider range of commodities and companies in North America. He said the company should build on its Australian [redacted].

[redacted] Smith [redacted] the [redacted] wanted to build Europa to fill the huge gap among UK-based mining compani[redacted] RTZ Corporation, the world's biggest mining group, and the rest, which were small companies. "But we can't build this company from one small corner of the [redacted]."

[redacted] considerable personal antagonism [redacted] some [redacted] personalities involved but the meeting [redacted] a low-key affair, possibly because Mr [redacted] Hood, who acted as chairman, said that, although the board had wished for a free-for-all, Mr Holberton's group had [redacted] that comments [redacted] the meeting [redacted] be open to legal [redacted] defamation.

[redacted] Chesterfield of A[redacted] Life Assurance, [redacted] of Europa shares, supported the rebels and suggested further m[redacted] changes were necessary. However, Mr Guy Jubb of Standard Life Assurance (9 per cent) and Mr William McLucas of Waverley Investment [redacted] per cent) said they would support [redacted]. Mr Hood said [redacted] per cent) also supported the board.

Wharfedale in black and seeking £2.3m

Wharfedale, the USM-quoted loudspeaker and consumer electronics group, yesterday reported continued progress at the interim stage and at the same time announced a placing and open offer to raise about £2.3m net of expenses.

The placing is of 8.3m new ordinary shares with institutional and other investors at 30p per share.

That is to be combined [redacted] a share consolidation of [redacted] existing shares into one new ordinary, making the placing price equivalent to 6p [redacted] existing ordinary share.

Qualifying shareholders will be invited to subscribe for the offer shares on a 3-for-25 basis. The placees have been procured by York Trust and Peel Hunt.

For the six months to December 31 Wharfedale returned pre-tax profits of £106,000 compared with losses of [redacted]. Turnover totalled £6.72m (£8.67m). Earnings [redacted] 0.2p (8.7p).

UB expands into eastern Europe

United Biscuits (Holdings), the biscuits and savoury snacks group, has made its first move into eastern Europe, via its McVitie's offshoot, with the purchase of an 84 per cent stake in Gyori Keksz, Hungary's largest biscuit group.

UB has also acquired 49 per cent of Fazer Biscuits, part of the Fazer Group, one of Finland's largest food companies.

Mixed fortunes behind Haden MacLellan's 32% advance

By [redacted] Fuller

HADEN MacLellan Holdings increased pre-tax profit by nearly a third in spite of a hard year for its paint shop and other industrial subsidiaries on both sides of the Atlantic.

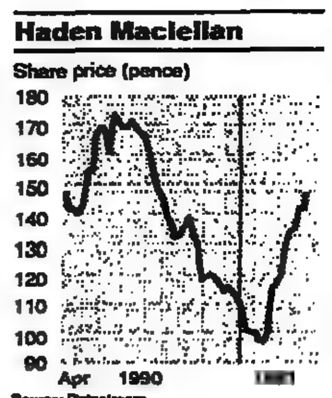
The taxable figure rose from £17.85m to £23.64m in 1990 on turnover of £354.48m (£307.43m). Earnings per share, hampered by a higher tax charge and enlarged equity, rose to 20p (18.1p).

Operating profit reached £25.65m (£19.47m). Although interest charges increased to £2.58m (£2.17m), net debt of £13.8m in December 1989 was turned into net cash of £13m, helped by £8m of disposals and £10m advance payments.

Profit improvements in automated manufacturing systems (paint shops) and UK distribution more than made up for a fall in manufacturing.

Mr Philip Ling, chairman, said buoyant demand from car makers in the UK, Spain and Germany helped the European side of the paint shop business to increase operating profit to £7.29m (£4.49m). Orders worth £45m had been won from Japanese manufacturers building plants in the UK.

North America, which had a difficult 1989, bounced back with £5.51m (£2.39m). In November 1990 the cash-posi[redacted] in Australia had [redacted] acquired.



The only blot in this division was the closure of the Belgian operation, at an extraordinary cost of £1.18m.

Distribution which provides [redacted] goods as nuts [redacted] bolts, agricultural products and machine tools, increased profit [redacted] (£4.22m), including an initial £1m or more from Mills Marketing. But Mr Ling said the UK recession would [redacted] impact on 1991.

Manufacturing, where prod[redacted] range from [redacted] vandal-proof toilets, suffered from turnover declines [redacted] UK and [redacted]. Profit fell [redacted] £5.48m (£6.68m).

Drypure, a technology [redacted] turning paint sludge into reusable powder, made a small [redacted]tribution. It had been successfully installed [redacted] four car plants. Teething troubles at [redacted] processing centre [redacted] Toledo would be [redacted] out by the end of [redacted] year, he [redacted].

[redacted] final dividend of 5p makes a total of [redacted] (7p).

● COMMENT

This [redacted] an impressive [redacted] results from an [redacted] group operating in [redacted] economies. The balance sheet strength was particularly encouraging. However, Haden will find it difficult [redacted] defy gravity this year. [redacted] booth orders from the US [redacted] and [redacted] are [redacted]ted [redacted], while both manufacturing and [redacted]bution must [redacted] further [redacted] of the UK reces[redacted]. Although pre-tax profit [redacted] forecast [redacted] fall [redacted] £20m [redacted] year, Haden should [redacted] to [redacted] its reputation, which has suffered from the view that it is a bit of a rag bag. A prospective p/e of 9.4 and [redacted] 7.5 per [redacted] yield, assuming [redacted] small [redacted] increase, [redacted] yesterday's [redacted] of [redacted] reasonable, even after a sharp recovery from [redacted] in February.

Weak US market helps push Cairn into the red

By James Buxton, [redacted] Correspondent

[redacted] ENERGY, [redacted] Edinburgh-based independent [redacted] company, incurred a [redacted] before [redacted] year on [redacted].

[redacted] blamed the loss, which compared [redacted] profits [redacted] £1.2m in 1989, on higher interest charges, weak US gas prices and the strength of sterling against the dollar.

In 1990 it enjoyed increasing gas output from its fields off Texas and, from August, from the Palmer's Wood oilfield off the M25 near Godstone, Surrey. Gas production during the year rose from 8m cu ft per day to 15.5m cu ft per day and oil from 170 barrels per day to 1,600 bpd, giving the company average daily production of over 5,000 barrels of oil equivalent per day.

However, gas prices in the US were weak throughout the year and the high sterling/dollar rate further diminished US revenues. Palmer's Wood did not reach full production until early 1991, though Cairn benefited from its 0.5 per cent inter[redacted] Field in [redacted] North Sea, acquired in mid-[redacted].

[redacted] £13.7m rights [redacted] April was [redacted] and buy the Forties stake. Interest charges increased from £305,000 to £1.5m.

The company participated in drilling four wells in the North Sea. It has applied for acreage in the 12th round of offshore licensing in the North Sea and has acquired an effective 5 per cent interest in two offshore blocks off Vietnam, as well as interests in New Zealand and Spain.

Mr Bill Gammell, chief executive, said he expected turnover to reach between £15m and £16m in 1991, but warned that the US gas market was still very depressed.

Losses per share emerged at 1.52p (earnings of 7.54p). As before no dividend is being paid. Mr James Gammell, Mr Bill Gammell's father, is retiring as chairman at the age of 71 and is succeeded by Mr Norman Lessels, who is also chairman of Standard Life.

Higher Fuchs offer puts £46m tag on Century

By Richard Gourlay

Fuchs, the family-controlled German lubricants group, yesterday raised its all cash offer for Century Oils from 110p [redacted] 145p, valuing [redacted] lubricants [redacted] at £46.2m.

The new offer gave Century shareholders [redacted] per [redacted] premium over [redacted] prevailing market price before Fuchs declared its interest, the company said. The new offer was declared final and will close on April 26.

Mr Charles Mitchell, Century chairman, said he was concerned that the increased offer did not fully reflect the long term value of Century Oils and advised shareholders to reject the offer.

By close of business, Fuchs had bought an additional 7 per cent of Century's shares in the market, bringing its stake to 20.5 per cent.

Following Fuchs's first offer, Century estimated its pre-tax profits for the year to March 1991 at £4.2m, against £2.9m in the previous year, and outlined developments which could add to profits in future years.

UK COMPANY NEWS

Nurdin and Peacock grows to £25.9m

By Michiyo Nakamoto

A SUCCESSFUL drive to increase own-label brands rewarded Nurdin and Peacock, the cash and carry wholesaler, with a 14 per cent rise in profits to £25.85m pre-tax from a previous £22.61m.

The improvement came despite a doubling of capital expenditure [illegible] £32m in [illegible] year to December 30, as the group continued its recent programme of geographical expansion and investment in technology. The shares closed up 9p at 193p.

Turnover increased to £1.29bn (£1.13bn) to mark a record [illegible] in both [illegible] and profits for the group.

However, Mr Michael Peacock, chairman, warned that the level of sales growth had fallen towards the end of 1990 and that this trend was continuing into [illegible] new year. "There is no doubt that the [illegible] is now affecting many of our customers," [illegible] said.

Capital expenditure cos[illegible] rose, primarily on the addition of new branches, refurbishments, the launch of two new own-label ranges and continued investment in computer systems. Costly changes were also made in its meat department last year.

The group improved its coverage in the north by opening two new branches.

It also launched two more own-label ranges last year – the Happy Chef range of products for caterers, and Candytime confectionery. About 20 per cent of group sales are in own-label products.

The transfer of its meat department from a Dewhurst concession to its own management increased sales substan[illegible] but [illegible] contribution from that side has yet to meet its previous concession income.

Earnings per share increased by 25 per cent to 15.6p (12.5p). The rise in earnings exceeded that in profits [illegible] the group credited previous provisions for deferred taxation of £1.9m to the profit and loss account.

The recommended final dividend of 3.33p makes a total of 5.2p (4.6p).

■ COMMENT

Nurdin and Peacock [illegible] neither time nor effort in its pursuit of profits. While it is still waiting to reap the full benefits of its expansion drive, capital investments, reshaping of its meat business and a foray into the catering business, it has acted quickly to meet the challenge of a recessionary economy with a highly successful purge on shrinkage – the loss of profit from wast[illegible] and particularly theft, which tends to increase in difficult times. Efforts to tighten security paid off with a £1m contribution to profits. The group's move to a higher margin product mix also raised operating margins. But the signs are that the recession is catching up with Nurdin. While [illegible] is no guarantee that the group will be able to come up with similarly effective ways to counter the fall in volume growth that has clouded its record this year, it should, in any case, start to benefit from the changes in its meat department. Likely profits of £28m at the pre-tax level, together with a higher tax charge, places the shares on a prospecti[illegible] multiple of about [illegible]. Investors may want to wait until there is a clearer picture of trading this year, but given the conservative nature of this steady growth business, the slight discount to the market still make the shares look attractive.

Wace rises to £26.6m in tough climate

By Clare Pearson

WACE GROUP [illegible] tough conditions in the pre-press services business in 1990 to produce a 22 per cent rise to £26.55m in pre-tax profits on an increase in turnover from £159.15m to [illegible].

However, basic earnings per [illegible] slipped to 25.5p (26.1p). That [illegible] an increased ordinary share capital and after paying for [illegible] August's [illegible] 8 per [illegible] convertible preference issue, made to fund the acquisition [illegible] rival Parkway Group.

Earnings [illegible] also struck after a reduced tax charge of 34 per cent (37 per cent).

Mr John [illegible]legg, chairman, [illegible] in difficult conditions [illegible] had "come through extremely strongly" and was gaining market share.

The recommended final dividend is lifted to 6p, raising the [illegible] for [illegible] to [illegible] (7.5p).

Mr Clegg said he had calculated that at least 54 of Wace's competitors [illegible] the UK had [illegible] receivership [illegible] last year's [illegible] ary [illegible] in the pre-press field.

He [illegible] announced that Wace was disposing of its marketing services division, small in [illegible] group, [illegible] below-the-line [illegible] £1.9m.

Wace [illegible] a [illegible] in margins during [illegible] second half, after achieving an interim 49 per cent rise in pre-tax prof[illegible] a similar [illegible].

Mr Clegg ascribed this to the UK trading environment, the translation effect of the weaker dollar on US earnings, accounting for 30 per cent of the group total, and the impact of £1m worth of above-the-line redundancy and rationalisation [illegible].

[illegible] that Parkway, bought for £50m including debt [illegible] by the convertible [illegible] was now substantially integrated into the group. The [illegible] for combining [illegible] strength in colour retouching [illegible] Wace's in-colour separation [illegible] being realised.

After a string of acquisitions in recent [illegible] Wace now intended [illegible] growth, Mr [illegible] added.

Capital expenditure, which had been "astronomically high" in the past, would also be cut back this year to about £10m against £27m in 1990. Net interest rose sharply during the year from £513,000 to £2.9m.

■ COMMENT

There are those who have been waiting for Wace to blot its exemplary copy book for some time, and indeed it remains to be seen how Parkway, one its most ambitious projects, will fare in [illegible] first 12 months of inclusion this year. However, [illegible] were well pleased with the results which underscored Wace's advantages of [illegible] and geographical strength [illegible] its [illegible] in the highly fragmented pre-press field. An improvement [illegible] second half should lift [illegible] profits to about £32m giving basic earnings similar [illegible] last year. Currently, the market seems [illegible] be [illegible] little account of these plus points with the shares on a prospective p/e representing a 20 per cent discount for 1991.

NEWS DIGEST

Bilton declines to £16.3m

PERCY BILTON, the property, building, civil engineering and plant hire group, reported a £1.21m decline in profits for 1990. The shares closed 14p up at 424p.

At the taxable level they fell from £17.56m to £16.34m, partly as a result of higher interest charges of £5.29m (£4.76m). Turnover in the period shed £6.23m to finish at £31.32m, while trading profits slipped from £22.32m to £21.63m.

Earnings were [illegible] to 25.8p (28.3p) per share, but the final dividend is lifted to a proposed 12.04p (11.21p) for an aggregate of 17.44p (16.61p).

The partial valuation of the portfolio carried out by a committee of the board totalled £341.49m, against the £339.33m independently [illegible]lued in 1989. The estimated net asset value (excluding the trading divisions operations) worked through at 720p (712p).

Dagenham dips but maintains margins

[illegible] the Dagenham Motors Group fell from £3.54m [illegible] £3.41m pre-tax [illegible] 1990. Turnover declined by £3m to £125.19m.

Mr David Philip, chairman of the Essex-based Ford main dealer, said that in spite of the effect of higher interest charges pre-tax margins were maintained at 2.7 per cent.

New car sales volume declined by 10 per cent while on the commercial vehicle side sales fell by 28 per cent. Used car volume was down 5 per cent at 3,725 units.

A proposed final dividend of 4p makes a 5.75p (5.25p) total. Undiluted earnings emerged at 13.7p (14.5p).

Brabant £364,000 in the black

Brabant Resources, the oil and gas exploration and production company that joined the USM in October last year, returned profits of £364,000 pre-tax from turnover of £1.88m for the nine months to end-December.

For the year to end-March 1990 the company incurred a loss of £128,000 from a turnover of £675,000.

Higher oil prices during the second half and drilling costs below expectations left year-end cash reserves at £5.9m. Earnings per £1 share totalled 5.1p (losses 4p for nine months).

Chairman steps down at FKI

Mr Tony Gartland has resigned as non-executive chairman of FKI in order to devote more time to his other business interests, the company said. Mr Jeffrey Whalley, deputy chairman, will take over his position.

Mr Gartland joined FKI in 1967 and became chairman in 1980. He will remain as non-executive director until the annual meeting. He has placed a total of 24.5m FKI ordinary shares (5.55 per cent) at 55.5p each with institutional clients of Panmure Gordon, and retains 496,904.

Mr Whalley was group managing director of FKI Babcock prior to the demerger of Babcock International in 1989.

69% dividend rise at Alex Proudfoot

In 1990, a year of "outstanding growth", Alexander Proudfoot, the international management consultants, lifted pre-tax profit 20 per cent, earnings per share 27 per cent, and is raising the dividend by 69 per cent.

Turnover increased 24 per cent to £178.52m (£143.44m). Profit was £46.04m (£38.35m) and earnings 47.5p (37.3p). The final dividend is 13p for a total of 19p (11.25p).

Lord Stevens: two particular highlights in the year

Lord Stevens, chairman, said there were two particular highlights of the year. Firstly, the formation of Total Process Solutions which designs information systems and technology, and secondly, the opening of Proudfoot operations in Japan.

Britannia acquires one-branch society

Britannia, the ninth largest UK building society, is to absorb Mornington, a London-based society with one branch and assets of £200m, through a merger, writes David Barchard.

Mr Alan Thompson, chief executive of Mornington, said the decision to merge with Britannia after 125 years of independent existence had been taken with regret.

It has not published its results for 1990, but Mr Thompson said that profits would be about £1.6m, [illegible]er provisions for bad debts, similar to last year's level.

The merger must be approved by members of both societies. The terms being offered to Mornington members are less generous than some earlier mergers between a small society and a larger one.

Mornington saving members will get only a small 0.5 per cent bonus on their savings balances, compared to 4 per cent offered to members of the Guardian Society, another London one-branch operation, absorbed by Cheltenham & Gloucester a year ago. Borrowers will enjoy an 0.5 per cent discount, up to £100.

Herring Son & Daw bucks sector trend

Herring Son & Daw Holdings, the commercial property consultant, bucked the depressed sector trend by unveiling profits of £3.49m pre-tax for the year to January 31 1991.

The outcome was only marginal ahead of the previous £3.43m but this, according to Mr Nicholas Owen, chairman, marked a "superb achievement at a time when surveyors, property companies and property investors are almost all reporting a collapse of value, turnover and profits."

Herring [illegible] aided by the fact that some 60 per cent of its fees come from rent reviews, valuations and similar "recession-proof" work.

Turnover edged ahead [illegible] £12.74m (£12.26m). Earnings per share, on an increased capital, dipped slightly [illegible] 19.47p (19.93p). A recommended final dividend of 3.5p lifts the total for the year to 6.5p (5.75p).

Sherwood Grp hits record £10.63m

Shares of Sherwood Group, the lingerie, lace and children's wear manufacturer, yesterday rose 30p to 485p following news of a sharp improvement in profits for 1990.

The USM-quoted group con[illegible] progress through the [illegible] half and [illegible] full 12 months [illegible] profits [illegible] from £8.13m [illegible] a [illegible] £10.63m pre-tax.

The 31 per cent improvement was struck from turnover £23.52m higher [illegible] £95.84m. Sales outside the UK no[illegible] for [illegible] per [illegible] group turnover.

Earnings worked through [illegible] 43.5p [illegible] and a proposed final dividend of [illegible] a 9.1p (7.5p) total.

Lexicon profit at $575,000 midterm

Lexicon has continued the recovery started in the second half of 1990, and for the opening six months of the current year has produced pre-tax profits of $575,000, or £321,000.

That compared with a loss of $374,000, which was turned into a profit of $99,000 by the end of the year to August 31 1990.

Lexicon is based in Boston, Massachusetts, but quoted in London. It makes digital audio signal processing equipment and disk-based audio production systems.

Net sales improved to $9.64m ($7.12m).

Stylo at £1.7m after second-half setback

[illegible] drop in trading margins plus higher interest charges hit Stylo in the year to February 2 1991, and pre-tax profit fell from £3.99m to £1.67m.

Earnings per share fell to 4.07p (14.52p) but the dividend is again 9p.

Turnover [illegible] £13.44m [illegible] £87.5m, while trading profit was down £1m to £4.12m – representing a margin of 4.7 per cent (6.89 per cent).

On top of that, other income dropped to £304,000 (£863,000) and interest charges were £2.76m (£1.98m).

Mortgage losses hit Equity & Law

Substantial losses on its house mortgage opera[illegible] resulted in net profits of [illegible] Law, the UK life assurance and financial services offshoot of France's Axa-Midi financial group, falling from £13.8m to £12.6m in 1990, writes Eric Short.

However, the dividend rises some 16 per cent, from 13.2p to 15.25p.

Life profits moved ahead steadily from £12m to £14.7m – representing 9.5 per cent of the total distributable surplus.

In spite of 1990 being a difficult year for UK life [illegible], the group achieved record life and pensions business in both annual and single premiums. Sales of its unit trust and offshore investment products more than tripled.

However, its mortgage operation, Equity & Law Home Loans, incurred a loss of £2.9m (profits £500,000), reflecting a provision of £1.9m against the mortgage portfolio and a £1.1m write-off of intangible assets.

Sindall falls 32% after provisions

William Sindall, the construction, civil engineering and property group, experienced a [illegible] per [illegible] decline, from £2.[illegible] to £1.69m, in pre-tax profits for 1990.

The [illegible] struck after a £1.25m write down in the carrying [illegible] a water[illegible] development (£1.33m off land values) and interest charges of £1.53m (£1.27m).

Turnover came to [illegible] (£68.12m). Fully diluted earnings were 14.2p (20.96p) and the final dividend is 4.5p for an unchanged total of 6p.

House of Lerose declines by 20%

House of Lerose, the maker of ladies' fashion wear, saw pre-tax profits fall 20 per cent in 1990, from £1.07m to £854,000. The dividend is held at 10.3p.

Turnover dropped to £16.85m (£19.32m). Earnings per share were 11.6p (14.7p) and the final dividend is 7.3p.

FBD Holdings tops I£8m

FBD Holdings, the Dublin-based insurance and financial [illegible] group quoted on the USM, recorded growth in all activities to produce a pre-tax profit [illegible] I£8.11m for 1990, or £7.26m. That was a 22 per cent increase on the previous I£6.67m.

This is the first full year since the group's restructuring and Stock Exchange debut in 1989. Earnings per share were 11p (adjusted 9.6p). There is a final dividend of 1.7p to make 3p (1.3p).

Continent helps Queens Moat rise 51% to £94m

By David Churchill, Leisure Industries Correspondent

QUEENS MOAT Houses, the second largest hotel group in the UK, shrugged off the gloom stemming from the recession and Gulf War to announce a 51 per cent increase in pre-tax profits for 1990.

Pre-tax profits rose from £62.42m to £94.09m, on turnover up from £409.4m to £484.52m.

The outcome reflects the group's extensive hotel operations on the Continent, especially France and Germany, plus a £10m profit contribution from 10-months trading at Norfolk Capital Hotels, bought last year for £157m.

Following the Norfolk Capital acquisition and expansion into France last year, Queens Moat now has some 177 hotels spread across six European countries and a total of 20,468 bedrooms. This represented a 29 per cent increase in room numbers during 1990.

The group is now the largest chain of owned hotels in Germany with 31 properties. Mr John Bairstow, chairman, said prospects for those remained good in spite of fears that the German economy may be slowing down.

Group occupancy rates were an average 72 per cent last year, with higher levels achieved on the Continent than in the UK.

Mr Bairstow said that UK regional hotels had traded well during the recession because of the policy of providing facilities for local businesses and communities.

However, he said the London hotels had been as badly hit during the recession and war as had [illegible] international chains.

"Trading in February was the worst we had ever experienced in our large inner-city hotels," he said. March trading had recovered, however, and he expected April to be better.

The company was absorbing the 2.5 per cent increase in VAT in those hotels where competition was most intense, but passing it on to guests in areas of least competition.

Earnings for the year were 8.59p (7.55p) fully diluted. The final dividend is 1.4p making 2.62p (2.28p).

● COMMENT

Queen's Moat continues to win friends in the City by its sensible strategy (which THF is belatedly following) of spreading the vicissitudes of hotel demand across several European countries, and thereby balancing out times of boom and recession. It also operates a no-frills approach to providing cost-effective meetings and other facilities for local businesses around Britain, as well as catering for wedding receptions and special family functions. The chain looks attractive for long-term investment but is currently surprisingly rated below the average for the sector on a prospective multiple of between 10 and 11 on analysts' profit projections of £98m-£104m in the current year. This reflects the continuing nervousness about the sector's recovery during the recession.

Woosnam blows the whistle on soccer deal

By Patrick Harverson in New York

THE JOINT venture between C&W Associates and Pascoe Nally International, now at the centre of a New York court battle, was set up by the two experienced sports marketing companies in 1988.

Mr Patrick Nally of PNI, a subsidiary of Aegis, the UK media group, had approached C&W looking for help in promoting soccer in the US. USA Soccer Properties was formed, with C&W and PNI owning 50 per cent each.

Over the next two years it arranged the televising of all of the national team's qualifying games for the 1990 World Cup, [illegible] brought in sponsorship and substantial revenue for the US Soccer Federation.

In June 1990, Sportschannel America, a US television company owned by NBC and Cablevision, was invited to join the venture to help with the televising of soccer games. A new partnership, USA Soccer Partners, was formed. At the time, C&W assumed it would own 45 per cent of the new operation, with another 45 per cent in the hands of PNI, and the remaining 10 per cent with Sportschannel.

However, Mr Phil Woosnam, chairman of C&W, soon discovered that his company had no stake in USA Soccer Partners, which was 90 per cent owned by PNI and which also controlled all the corporate assets – including the lucrative marketing rights – of the first partnership, USA Soccer Properties.

C&W alleges in its New York suit that all of its rights to the first partnership were signed over to PNI's Soccer Partners by Mr William Breen, who had left USA Soccer Properties in 1989 and who was by then working for the new partnership owned by PNI.

C&W says that Mr Breen had no authority to sign any documents on its behalf. C&W says it tried to negotiate a settlement of the dispute, but failed and decided to file for damages in New York.

Aegis said yesterday that its lawyers had advised it that the C&W's suit was without merit.

In the process of gathering information for its suit, C&W says it discovered that PNI had been involved in similar controversies in the past. In a case currently being pursued in the New Zealand courts, an Auckland family trust alleges PNI fraudulently transferred valuable contracts to market the 1990 Auckland Commonwealth Games from a partnership in which the trust had a 25 per cent share.

In the UK, a suit for damages in the High Court of Justice has been brought by Ahlers Marketing of Stuttgart, Germany, over the alleged failure of PNI to pay Ahlers for its work in helping PNI win the marketing contract for the World Games at Karlsruhe, Germany in 1989.

In another controversy, in 1989, Mr Nally agreed to an out-of-court settlement with World Championship Tennis (WCT), a body jointly owned by Mr Lamar Hunt, a Texan businessman, and another member of the Hunt family.

WCT claimed that Mr Nally had defaulted on payments guaranteed to WCT under a 1981 marketing agreement, and it took eight years and a court action to recover the money.

DIVIDENDS ANNOUNCED

	[illegible]	Date of payment	Corresponding [illegible]	Total [illegible]	Total last year
Avonmore Foods ......fin	1.5♣	June 21	1.25	2.75	2.5
Bilton (Percy) ......fin	12.04	July 26	11.21	17.44	16.61
Dagenham Motors ..fin	[illegible]	May 30	3.75	[illegible]	[illegible]
FBD ......fin	1.7♣	May 31	1.3	[illegible]	1.3
Haden Maclellan ......fin	[illegible]	July [illegible]	4.5	8†	[illegible]
Herring Son Daw ......fin	[illegible]	May 31	3.25	[illegible]	5.75
House of Lerose ......fin	7.3	June [illegible]	7.3	10.3	10.3
[illegible] ......fin	nil	-	2	0.7	4.7
Norish ......fin	7♣	May 29	7	11.47	11.47
Nurdin & Peacock ......fin	3.33	July 1	2.92	5.2	4.6
Proudfoot (Alex) ......fin	[illegible]	-	7.75	19	11.25
Ocean Group ......fin	9.53	June [illegible]	9.19	14.2†	13.43
Queens Moat ......fin	1.4	May 29	1.22	2.62	2.28
RMC ......fin	12.9	May 28	12.2	19.3	18
Sherwood Group §...fin	5.9	May 24	5.2	9.1	7.5
Sindall (Wm) ......fin	4.5	July 5	4.5	6	6
Smiths Inds ......int	3.9	June 7	3.6	-	9.9
Stylo ......fin	9	Oct 1	9	9	9
TIP Europe ......int	0.56	May 31	1.7	-	5.3
Wace ......fin	6	June 5	5.75	8.25†	7.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish currency.

Revelations to be excluded from the ADT authorised version

Richard Gourlay on the fundamentally strong core businesses which remain the one hope for Laidlaw

FOLLOWERS OF Mr Michael Ashcroft, the secretive chairman of ADT, know better than to expect great revelations when the security services and car auction group releases its annual report later this week.

The [illegible] was almost audible last week when Laidlaw, the Canadian waste management group that holds 28.4 per cent of ADT, alleged in a New York court that ADT "rigged" transactions with controlled affiliates in order to boost profits.

At last, investors said, questions about the largely unexplained "other income", "associated company" and "investment income" that make up a significant slice of ADT's pre-tax profits might be answered.

While most attention is currently focused on ADT's finances, the boardroom struggle with Laidlaw has tended to obscure the fundamental strength of the core security and car auction businesses.

For Laidlaw, which is sitting on a $450m paper loss on its ADT investment, and Canadian Pacific, which controls Laidlaw, these businesses are the light at what must be a rather dark tunnel.

Mr Ashcroft has [illegible] said ADT would [illegible] on investments that were strongly cash generative, with a broad customer base, high barriers to entry and a low level of capital investment.

Car auctions was Mr Ashcroft's first significant success along [illegible] lines, supplying $64.3m out of $257.9m of pre-tax income in 1990. ADT now boasts the largest vehicle auction business in the world, selling 2m vehicles both sides of the Atlantic in 1990.

In the US it sold a record 1.2m cars, up some 12 per cent on the year, through 25 auction facilities, and is only second to Atlanta-based Manheim following the formation in March of a joint venture between Cox Enterprises, General Electric Capital and Ford.

These are not small-time, "mom-and-pop" auctions on vacant lots, but vast operations involving the continuous movement of cars along multiple viewing lines at the same time. Income is based on fees or a percentage of the car's value but margins are increased through provision of extra services like valeting and minor body repair work.

The large auctioneers are increasingly handling "nearly new" vehicles with low mileage and are linking up with auto makers who have bought cars back from corporation fleets and car hire companies through repurchase plans.

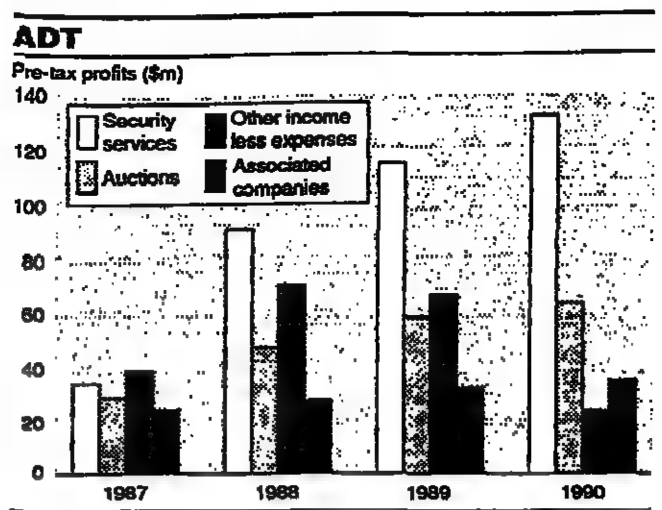
The UK market, where ADT sold 820,000 cars last year – up 9 per cent – is less sophisticated than in the US but appears to be equally resilient.

Total UK car registrations fell 15 per cent last year, but only by 7 per cent in the fleet market, and according to Mr Steve Kendall, joint managing director of Central Motor Auctions, the UK quoted company that has a similar though smaller business to ADT's, the glut of used cars last year has now been reversed. Most of the cars passing through the large auctioneers' hands come from fleets or rental companies.

As recession has bitten, some companies like Hertz have opened outlets to sell directly to the trade to cut out the auctioneers' fees.

But over time, analysts believe large auctioneers will take market share and in the longer term, the continental European market remains fragmented – except in Belgium – and could provide significant opportunities for ADT.

In the security services business, ADT has an equally solid position, providing $133.1m [illegible] pre-tax income in 1990. [illegible] the [illegible] by Hawley (Mr [illegible] original [illegible] of ADT Inc in 1987, the group has taken pole position in the US market and, arguably, is now the largest supplier of electronic security services in the world.



It has sold most of its manufacturing capacity and [illegible] trates on installing monitoring equipment in commercial, residential and retail premises.

The [illegible] a growth market, grimly fuelled by rising crime statistics, and the industry remains particularly hopeful [illegible] residential sector where only 7 per cent of houses are equipped.

ADT again seems likely to steal a march on the corner shop retailer. It offers monitoring services from a network of stations which relay alarms to local police and fire services. It is also improving margins by consolidating its monitoring network, from a maximum of 100 stations at the peak to a planned 35 in 1992.

In the longer term, companies like ADT may be able to offer [illegible] service monitoring [illegible] anything that [illegible] be monitored, such as the temperature of a warehouse or the pressure of water in a factory process.

While the security industry in the UK and Europe is moving away from ringing bells and men in blue uniforms, it is still in its infancy on this side of the Atlantic. But the fear of rising crime rates, combined with the demands of insurance companies, appears to have kept the industry buoyant and suggests that the US experience will cross the water.

Ironically though, a review of the strengths of ADT's core businesses has only increased the bemusement of shareholders and analysts.

With all that ability to spin off cash, where could [illegible] stash have gone? What lies behind the $910m swing in ADT's cash position since the end of 1989, from net cash of $280m to net debt of $630m? And what level of confidence can they have in a group that derives large slices of its income from such unpredictable non-core [illegible] sources?

Unless ADT has dramatically changed the way it reports [illegible] earnings, shareholders' only chance of getting answers from this elusive [illegible] be [illegible] eavesdrop in [illegible] New York court.

COMMODITIES AND AGRICULTURE

Oil prices rise as US stocks fall

By Deborah Hargreaves

OIL PRICES surged yesterday as strength returned to the [illegible] market after a report that stocks of petrol and crude oil were close to minimum levels. The June oil futures price on the New York Mercantile Exchange jumped by 60 cents at midsession to $20.62 a barrel.

The American Petroleum Institute's weekly report on US stock levels released late on Tuesday showed that crude oil stocks dropped by more than 5m barrels in the week to April 5 to 336m barrels.

Gasoline stocks also fell by around 5m barrels to 206m barrels – the lowest level since 1986 and [illegible] to minimum operating levels for US companies.

US petrol [illegible] have been low for several months with no signs of picking up. A heavy programme of maintenance on US refineries [illegible] kept output low and the Gulf war siphoned off crude oil for conversion into jet fuel for tanks and aircraft.

Some analysts fear a squeeze on petrol in the US this year which could force prices for crude oil upwards. In London, the price of North Sea crude for June delivery rose by 55 cents to $18.95 a barrel.

European stocks of crude oil and products are higher than those in the US, but a firm US market will lead UK prices up.

"The Americans have got the bit between their teeth," said one London trader yesterday, who expects oil price strength to continue for the next few days.

Dr Subroto, secretary-general of the Organisation of Petroleum Exporting Countries (Opec), said [illegible] car- [illegible] world demand to drop by 2m barrels a day to 51m b/d in the next three months.

He added that the organisation expects to see a rise of 1m b/d in the third quarter and 2m b/d in the fourth quarter. His remarks had no effect on the market.

Japan in second try to issue coins low in gold

By Kenneth Gooding, Mining Correspondent

JAPAN'S FINANCE Ministry yesterday put 2m legal-tender gold coins on sale and breathed new life into one of the most bizarre incidents in recent gold market history.

Once again, Japanese [illegible] are expecting buyers to pay more than twice the value of the gold in the coins: Y100,000 (£197.53) compared with a gold content worth Y48,000.

A similar previous issue – 11m coins released in 1986 and 1987 to mark the 60th anniversary of Emperor Hirohito's succession to the throne – met allegations that forgers in the [illegible] East, acting through European middle men, were taking advantage of the premium on the gold content offered when the coins were cashed in by the Bank of Japan. About [illegible] of the Hirohito coins have since been sold back to the Bank by investors concerned about the forgery allegations.

The new issue, called Heisei commemorating the coronation of Emperor Akihito, was delayed from last November to make the design more complex and the coins less easily counterfeited. The issue number was reduced from 3.8m, and the proposed amount of gold in each coin was increased [illegible] grams to 30 grams.

This will reduce the profit hoped for by the Finance Ministry. It imported 60 tonnes of gold for the new coin last autumn even though it had 100 tonnes left over from the Hirohito launch.

It seems certain that many people will use Hirohito coins, which have the same trade-in value as the Heisei but contain only two thirds as much gold, to buy new coins. The Finance Ministry could not refuse such exchanges as both coins [illegible] legal tender.

Producers urged to stress lead's safety

By Kenneth Gooding, Mining Correspondent

LEAD PRODUCERS need to start talking to governments about the metal's positive aspects – particularly its recyclability – to head off environmental legislation which the industry's economic resources and engineering capabilities may be unable to meet.

A report today on the lead market from Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, points to "two indisputable facts" about lead:

- It is regarded as a chronic, cumulative toxin, capable of causing damage to human organs and the central nervous system;
- In its main end-uses, particularly lead-acid batteries, there is no economically viable substitute for lead.

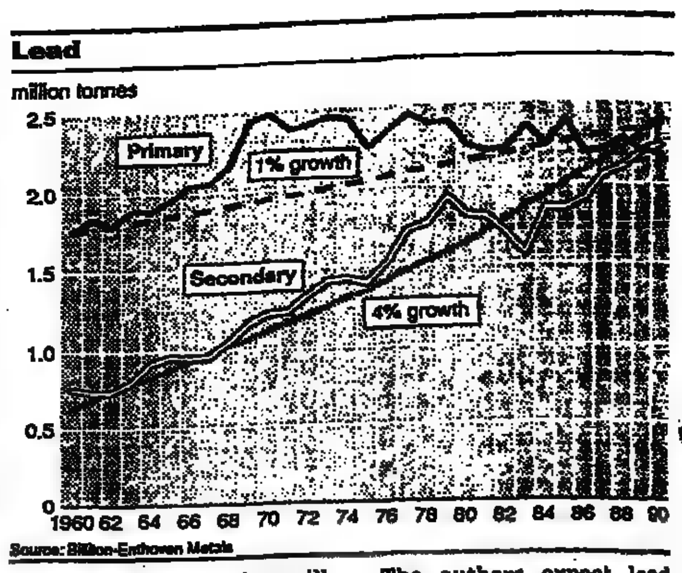
The report's authors, Ms Karen Norton and Mr Angus MacMillan said that anyone working in the lead industry over the past decade must have seen society in general and politicians in particular becoming obsessed with "the first of these statements, while conveniently forgetting the second".

"The impact of adverse publicity on the lead industry has been both chronic and cumulative", they added. "If the [illegible] is to be reversed, the industry must enter into a dialogue with governments in order to apprise them of lead's positive attributes and, of course, its virtual indispensability."

The industry should stress that about 75 per cent of lead products are now capable of being recycled and the proportion will continue to increase. "The battery is an almost entirely recyclable product. In Europe almost 90 per cent of batteries are recycled. Not only is the lead recovered, but the plastic cases are usually recycled and increasingly the sulphuric acid too," [illegible] the report.

From 1960 to 1990 production of lead from recycled material rose by 200 per cent, which implies an annual growth rate of 3.7 per cent, says the report. Production of primary lead over the same years rose by [illegible] per cent, an annual rate of only 0.7 per cent.

In 1960 only 30 per cent of lead produced was from recycled material; by the late 1970s it was 40 per cent; and the proportion now stands at just over 50 per cent. "We would not be surprised if secondary lead accounted for some 60 per cent of the [illegible] by the end of the decade," say the authors.



Source: Billiton-Enthoven Metals

Total lead production will rise from 4.35m tonnes in 1990 to 4.53m this year and to 4.64m in 1992, suggests the report. Consumption is predicted to rise from 4.46m tonnes this year to 4.63m in 1992.

In the five [illegible] the industry experienced a [illegible] supply deficit of 250,000 tonnes but a surplus of [illegible]00 tonnes is forecast for this year and [illegible] of 40,000 tonnes in [illegible].

The authors expect lead prices to be lower this year than [illegible] but predict a partial recovery in 1992. Billiton expects the LME lead cash price to average 26 cents a lb this year compared with 36.7 [illegible] in 1990. Next year the price is predicted to average 32 cents a lb.

Lead Market Report, £200 or $400 from Billiton-Enthoven Metals, 84 Fenchurch [illegible] London, EC3M 4BY, England.

Africa seeks a renewed coffee pact

MEMBERS of the 25-nation InterAfrican Coffee Organisation (IACO) begin a three-day crisis meeting today to confront languishing world prices and debate moves towards a renewed coffee [illegible] Reuters reports from Abidjan.

"Basically we are looking at the market situation and taking stock of progress towards an international [illegible] ment," said Donald Kaberuka, IACO's economic adviser.

African producers are keen to revive economic clauses within the International Coffee Agreement (ICA), now a purely administrative accord after its export quota system crumbled in July 1989.

This need not mean returning to exactly the same rules, they say. "There's no guarantee that a future pact will look like the previous pact. There are innovative ways of looking at things," said one observer.

The quota system collapsed mainly because it could not cater for [illegible] changing quality demands and allowed a "two-tier" price system permitting cheap sales to non-member countries.

World coffee prices plunged after the pact collapsed, throwing many poor producer countries into economic crisis. Robusta currently sells at around [illegible] per tonne, about half its value two years ago.

- Brazil exported almost 5m bags of coffee during the first three months of this year, the highest first-quarter figure for 19 years, writes Victoria Griffith in Sao Paolo.

The Brazilian Federation of Coffee Exporters (Febec) said yesterday that export earnings for the quarter reached $351m (£215m), 48 per cent up on last year's first-quarter figure, reflecting the recovery of prices on the international market.

Febec said the average price per exported bag of $79 compared to $63 during the first three months of last year.

US subsidies to reduce prices for cotton users

By Nancy Dunne in Washington

THE US Agriculture Department is writing regulations for a programme which could pay subsidies to cotton mills and exporters to reduce domestic cotton prices.

At a time when the US is urging a reduction of agriculture subsidies in the Uruguay round of the Gatt talks, the department [illegible] subsidies in the form of commodity certificates, redeemable for commodities from government-owned stocks.

[illegible] been highly [illegible] obtaining government intervention: cotton is protected by quotas; export subsidies, called "marketing loans", are paid to boost foreign sales.

The regulations provide for government action if US cotton prices for short-term delivery exceed the world price for four consecutive weeks.

The department could then make technical adjustments to avoid triggering subsidies, increase the size of cotton import quotas or put the subsidy scheme into action. The [illegible] would not be implemented until August 1.

World prices usually move in conjunction with US prices, as the US is the largest cotton exporter – expected to account for one-third of world exports in 1990-91 – but US prices have recently risen above world market levels.

According to the International Cotton Advisory Committee, an association of governments which produce, export and import cotton, the abrupt [illegible] price rise [illegible] by "a looming shortage of cotton" in the country. Domestic use plus exports of US cotton is estimated to be 800,000 bales greater than production.

US ending stocks are declining to about 27 per cent of mill use. By comparison, [illegible] ending stocks in the world beyond China and the US are estimated at 37 per cent of use.

The ICAC predicts US production for [illegible] will rise from 15.5m bales to [illegible].

Consumption is expected to edge up from 8.4m bales to 8.6m while exports are forecast to fall from 8m bales to 7.1m.

Canadian foresters told to diversify

By Bernard Simon in Toronto

CANADA'S softwoods industry must move from harvesting virgin forests towards more intensive plantation management if it is to remain competitive, according to a government report on the forestry industry.

The report reflects deep concern in the industry that its present difficulties are caused not only by the recession, but also by long-term structural problems.

Canadian forest products are renowned for their high-quality, but they are increasingly losing their competitive edge to countries where trees grow faster and are more accessible, and where labour costs are lower.

The report, published by the federal department of forestry, warns that Canadian companies have almost reached the limits of their ability to harvest softwood forests. Productive forest land declined by 4.7m ha (about 2 per cent) in the decade to 1986 as a result of urbanisation, preservation for nature [illegible], fire and pests.

It adds that "many older, less productive machines remain, and much of Canada's kraft pulp capacity is outdated [illegible] ogy". The report suggests that Canadian producers should concentrate on value-added products, such as logs, market pulp and newsprint, rather than [illegible] items.

Earlier this week, Mr Adam Zimmerman, chairman of Noranda Forest, one of the largest forestry companies, urged the government to help the industry by devaluing the Canadian dollar by up to 10 per cent. Noranda, which controls MacMillan Bloedel of Vancouver, expects last year's loss of C$95m (£47m) to be repeated in 1991.

Fish create a barrier to free trade

Robert Taylor on Iceland's grievances to the EC's economic policies

ICELAND'S *fish* remain one of the main obstacles in the [illegible] of an 18-nation European Economic Area – currently being negotiated by the European Community and the European Free Trade Association. It is not hard to understand why.

The country's prosperity is totally dependent on the [illegible] of its fishing and fish product industry, even though it employs only 12 per cent of Icelanders. The industry accounts for around 75 per cent of Iceland's merchandise exports and 21 per cent of its gross domestic product. The Icelandic fleet last year caught just over 1.5m tons of fish with a total export value of around $1.25bn.

Iceland's fish employers would like open [illegible] access for all their products to the EC market, which buys about 60 per cent of its total fish industry exports. However, they also demand protection of the [illegible] exclusive 200-mile wide fishing zone which came into force in 1976, something Brussels cannot accept.

"We cannot enter into an economic relationship with the rest of Europe on the basis of free trade if our main industry is excluded from its benefits," says Mr Jon Hannibalson, Iceland's foreign minister.

Efta negotiators seem ready to support the Icelandic case for special treatment in the EEA talks. However, some Icelanders worry that if, at the last moment, it looks as though the fish issue is the only obstacle to an agreement, the negotiators will force Iceland into a bilateral approach to Brussels.

"I fear Efta will delay on reaching a deal over fish and end up saying to us – 'take it or leave it'," says Mr Magnus Gunnarsson, director-general of [illegible] Association.

Commercial relations [illegible] have traditionally been friendly. In 1972 a free trade agreement gave Iceland fish-free entry into EC markets, but in 1985 the EC re-introduced tariffs on [illegible] cod fillets and fresh, processed fish imports, which hit Iceland in particular. Mr Gunnarsson calculates the EC's restrictive tariff of 18 per cent to 20 per cent has cost the industry $62m (£35m) in levies between 1986 and 1989.

"In its [illegible] form the agreement [illegible] between branches of the industry and hinders processors from taking necessary advantage of the market," he says.

Mr Gunnarsson also points out that foreign processors are free to buy Icelandic fish at domestic or overseas auctions, import it tariff free into the EC, and sell it there protected from Icelandic competition. "Until we reach an agreement on this issue, Iceland cannot avoid using every means at its disposal to try to establish conditions for equal competition," he says.

He is highly critical of the EC's common fisheries policy with its aim of preserving [illegible] and cutting back the industry to bring it into line with capacity.

"The EC talks about the four freedoms of the internal market after January 1, [illegible] but there is another – the freedom of trade in fish and fish products," says Mr Gunnarsson. What really worries the Icelandic employers is relinquishing the management of their country's main natural resource to Brussels.

Yet Iceland's fishing business is changing rapidly. "It is undergoing one of the greatest revolutions which it has ever needed to adapt to over a short period," says Mr Magnusson.

The closed system "where different interests are carefully [illegible] and balanced against each other" is now being replaced by a free competitive market. As a result, a radical transformation in the industry's structure looks inevitable.

During the 1980s the industry underwent important reforms: the government, in co-operation with the fish industry, introduced a quota system in 1984 for cod fishing to ensure the conservation of threatened [illegible]. This followed quotes imposed in 1975 for herring and in 1980 for capelin.

The creation of a price equalisation fund has sought to balance the wild fluctuations and, in the long-term, create free pricing in conditions of equal competition.

Last year, the Icelandic parliament set up a restructuring fund for the industry to improve efficiency: uncompetitive vessels could be bought out; and catch quotas could be transferred to fishing communities facing economic difficulties.

The Ministry of Fisheries wants the trawler fleet to be cut by one third over the next few years to emphasise quality rather than quantity.

Icelanders do not regard such intervention by the government as subsidising the fishing industry. They stress that they want to be free to compete on equal terms with their main rivals in a European market that should be open and not subsidised and regulated as it is at the moment.

"Our industry responds enormously quickly to demands in the market," says Mr Magnusson.

He believes that 10 years from now fishing will remain the primary source of Iceland's wealth whatever the EC decides on access.

WORLD COMMODITIES PRICES

MARKET REPORT

[illegible] held in a narrow range on the London bullion market in quiet trade, with most operators reluctant to establish fresh positions [illegible] and producer price [illegible] due out today. [illegible] prices [illegible] in London with the market remaining on the defensive. The 4.4 per cent [illegible] in the UK first quarter grind [illegible] in line with [illegible] had no impact on the market; dealers are waiting for more important Dutch and German [illegible] coffee futures [illegible] back earlier [illegible] during the [illegible], boosted by [illegible] buying [illegible]. On the LME copper prices recouped Tuesday's retreat, underpinned by options related buying. [illegible] confirmed its [illegible] for three [illegible] metal. Aluminium [illegible] steady [illegible] February producer [illegible] were up [illegible] tonnes [illegible] the top end of [illegible]. News [illegible] output, [illegible] by a power [illegible] in March, [illegible] not be back to full production until [illegible] appeared to [illegible]. The [illegible] current record LME [illegible] and rising producer [illegible] production [illegible].

Compiled from [illegible]

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.20-5.30u	[illegible]
Brent Blend (dated)	[illegible]	[illegible]
Brent Blend (May)	$19.45-9.50	+0.70
W.T.I. (1 [illegible])	[illegible].00u	+0.80
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$237-239	[illegible]
[illegible] Oil	$178-[illegible]	+2
[illegible] Oil	[illegible]	
Naphtha	[illegible]	[illegible]

SUGAR – London FOX ($ per tonne)				
Raw	Close	[illegible]	High/Low	
[illegible]	[illegible]	204.00	[illegible]	196.00
[illegible]	[illegible]	206.00	205.60	201.00
Oct	203.80	203.80	203.80	201.40
Dec	199.60	[illegible]	199.00	
Mar	[illegible]	[illegible]	[illegible]	197.40
May	200.60	[illegible]	[illegible].20	199.60
[illegible]				
[illegible]	[illegible]	[illegible]	[illegible]	294.0
[illegible]	[illegible]	[illegible]	[illegible]	289.0
[illegible]	[illegible]	270.5	269.8	[illegible]
[illegible]	266.0	267.8	265.5	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	271.5	[illegible]	[illegible]

COCOA – London FOX			
	[illegible]	[illegible]	High/Low
[illegible]	649	650	652 645
Jul	674	[illegible]	680 [illegible]
Sep	[illegible]	[illegible]	704 693
Dec	[illegible]	[illegible]	731 722
[illegible]	751	761	[illegible]
[illegible]	[illegible]	779	780 [illegible]
Jul	789	[illegible]	789 [illegible]

Turnover: 3460 (3894) [illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open [illegible]
Aluminium, [illegible] (£ per tonne)						Total [illegible] turnover [illegible]
Cash	1413-5	1410-1		1413-4		
3 months	[illegible]	1440-1	1455/1443	[illegible]	1445-6	[illegible]
Copper, Grade A (£ per tonne)						[illegible] lots
Cash	1377-8	1355.5-6.5	[illegible]/1374	1378-80		
3 months	1369-70	1347.5-8.5	1371/1364	1366-7	1375-7	102,144 lots
Lead (£ per tonne)						Total daily turnover 3,184 lots

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	[illegible]	[illegible]	
[illegible]	21.05	20.26	21.10	[illegible]
[illegible]	20.66	20.05	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	20.02	[illegible]	[illegible]	19.62
Oct	19.94	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	19.95	[illegible]
[illegible]	19.98	19.37	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
May	586/4	581/6	587/0	582/4
Jul	599/0	594/4	599/2	595/0
Aug	604/0	599/2	604/0	600/2
Sep	607/6	603/0	608/0	605/0
Nov	617/6	614/0	618/0	614/4
Jan	629/2	625/2	629/4	626/0
Mar	640/0	636/4	640/0	637/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
May	21.73	21.63	21.77	21.63
Jul	22.07	21.96	22.12	21.99
Aug	22.22	22.10	22.27	22.17
Sep	22.33	22.23	22.37	22.30
Oct	22.46	22.40	22.49	22.42
Dec	22.68	22.59	22.72	22.59
Jan	22.72	22.65	0	0
Mar	23.02	22.85	0	0

SOYABEAN MEAL 100 tons; $/ton	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	174.4	175.3	174.5
[illegible]	177.0	[illegible]	177.0	[illegible]
[illegible]	178.6	[illegible]	[illegible]	178.0
[illegible]	181.9	[illegible]	182.1	181.1
Jan	[illegible]	[illegible]	0	0
Mar	1166.0	1183.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
May	256/6	255/0	257/2	254/4
Jul	264/2	261/6	264/6	261/2
Sep	264/2	261/6	264/4	261/4
Dec	263/6	260/6	264/0	260/4
Mar	271/4	268/2	271/6	268/2
May	276/4	274/0	276/4	275/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
May	283/4	281/4	284/4	282/2
Jul	293/4	291/4	294/4	292/4
Sep	302/2	300/4	303/0	301/0
Dec	315/4	313/4	[illegible]	[illegible]

[illegible]

LONDON STOCK EXCHANGE

Above the worst in cautious trading

LONDON stocks were rescued at the end of a desultory trading performance yesterday by a firmer trend at the opening of the new session on Wall Street, which had earlier upset London with its overnight setback of 48 Dow points. But the investment mood remained subdued ahead of today's data on US prices and retail sales, which will provide a curtain-raiser to the disclosure on Friday of the latest news on inflation trends in the UK.

Friday's announcement of the UK retail price index for last month is expected to hold the key to the timing of a further half-point cut in domestic base rates, now virtually taken for granted in the stock market. But market confidence trembled a little yesterday after the German Bundesbank's hint on Tuesday, via market operations, that a rise in German rates is still a possibility.

Account Dealing Dates

*First Dealings:		
Apr 2	Apr 15	Apr 29
Option Declarations:		
Apr 11	Apr 25	May 16
Last Dealings:		
Apr 12	Apr 26	May 17
Account Day:		
Apr 22	May 7	May 28

*New-time dealings may take place from 8.30 am two business days earlier.

At worst the UK market was down by 19.1 on the Footsie, and a first attempted rally, based on a rise in the premium on the Footsie June futures contract, was reversed when London turned nervous ahead of Wall Street's opening. However, with Wall Street 10 Dow points ahead in early trading, London moved smartly off the bottom to close with the net fall on the FT-SE reduced to 8.4 for a final reading of 2,518.8.

Although most of the blue chip leaders, including ICI and Reuters, were weaker behind the new uncertainty in the US markets, trading volume was quite high and a number of minor features developed. Seaq volume increased to 531.3m shares from the 507.4m of the previous trading session.

Data from the London Stock Exchange shows that retail, or customer, business in equities has remained high as the investment community moves into the new UK tax year, maintaining the £1bn-plus daily level now established in the London market after a prolonged period of poor volumes. However, pressures on profitability at London-based securities houses remains heavy and a large integrated securities house cut staff levels yesterday.

Another small rights issue, this time for £88.1m from Ocean Group, did little more than remind the market of the weight of cash calls believed to be hanging over fund managers. There was a further fall in Glaxo shares as investors continued to assess the implications of the impending legal wrangle in the US over patents on Zantac, Glaxo's best-selling drug.

British Airways gave ground as crude oil prices advanced following the latest consumption and stocks figures from the American Petroleum Institute. Shares in the leading oil groups made limited response.

Traders said that the big institutions remained on the watch for suitable opportunities to buy stock whenever the market fell. One fund was believed to have put new cash into equities yesterday, and it was clear that marketmaking firms were again active in the derivatives markets.

At Smith New Court, Mr Paul Turnbull voiced a widely held view that the stock market is now "fairly priced" but "not overpriced", and that the positive factors – low inflation, low base rates and an upturn in profits – lie ahead in 1992.

However, Mr Nicholas Knight of Nomura Research Institute, one of the earliest bulls of the UK market, said he would sell the market "above FT-SE 2,550 if offered the opportunity in April – a possibility that has already, albeit briefly, presented itself". Mr Knight has a year-end target of 2,800 on the FT-SE Index.

Maxwell again to the fore

MAXWELL Communication (MCC) was the best performer among FT-SE 100 stocks for the second session running as US broker Goldman Sachs bought the shares all day. Goldman is not Maxwell's broker but has had a relationship with the company for some time. In January it was involved in a 30m-share put option arrangement for MCC shares.

Next week sees the start of the publicity campaign for the flotation of Mirror Group newspapers, controlled by Mr Robert Maxwell, MCC's chairman. The prospectus will be published on April 30. Mr Maxwell intends to step down as chairman of MCC to concentrate on his newspaper interests.

As the market closed, 3.4m MCC shares were traded at 214p, taking turnover for the day to 6.9m. The stock ended at 212p, a rise of 15½ on the day and 25½ over the two sessions.

Trials for Reuter

Reuters lost ground as stories filtered across the Atlantic about trials of a hand-held computer terminal at Chicago's trading floors. Reuters' Globex product, which is being adopted by Chicago futures an options exchanges this summer, is one of the company's likely long-term money spinners. James Capel took the news of the trials as one of two reasons to downgrade its long-term recommendation on the stock to "hold at best".

Mr Quintin Price at Capel said the expansion of Globex could be hurt if the terminals were adopted. He was also concerned that competition from rivals Quotron and Telerate for Reuters' other highly regarded new product, Dealing 2000, would hold back its growth. Dealing 2000 is designed for foreign exchange trading.

Another big London securities house added that, as a result of the news from Chicago there was "a lot of uncertainty, and the [Reuters] market will be jumpy for a while".

Several analysts, in the UK and US, however, said there was no new threat to Globex. The hand-held terminals are being considered as replacement for a paper-based trade recording method employed in open outcry trading, as used in Chicago. Globex, based on computer terminals, is not part of open outcry and is being introduced as an out-of-hours' trading medium.

There was trade in both directions as Reuters ended a penny above the day's low at 870p for a net decline of 25. Turnover was good for the stock at 2m shares.

Steel doubts

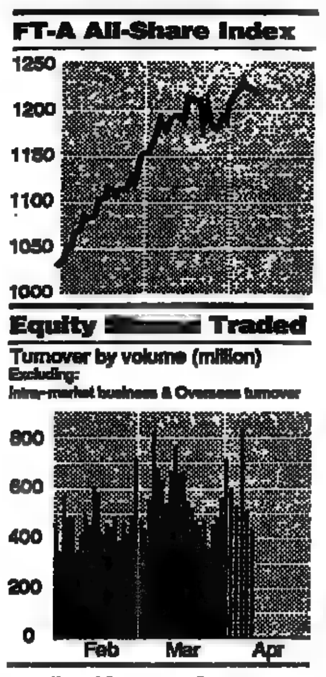
British Steel underperformed when an investment house turned cautious on near-term prospects. There are areas of uncertainty, it said, because of the difficult times in the global steel industry. Rationalisation might be wider-reaching than expected and the resulting costs, which the group takes above the line, would depress profits.

The house remained positive for the longer term and was confident that the dividend rate would be maintained, a question widely debated in the market.

Investment opinion in general is split on whether or not Steel would be able to sustain its privatisation vow of a "progressive" dividend policy. The doubters reigned yesterday, and in heavy activity of 8.9m shares, the price receded 4 to 140p.

Concern over the prospects for Glaxo's drug patents spilled over into other pharmaceutical stocks. SmithKline Beecham, affected by an article in a New York newspaper, dropped 9 at one point. Reassuring comment from analysts helped the shares recover to 793p for a net decline of 3. Wellcome lost 6 to 823p, after 820p, and Glaxo fell another 9 to 1069p, having bottomed 10 below that.

Two large UK owned securities houses made opposite recommendations on ICI in anticipation of first-quarter results on April 25. "No one knows exactly what is going on in the chemicals industry right now," said an analyst at one house. ICI firmed 5 to 1058p.



News of the increased 145p a share offer for Century Oils from Fuchs Petrolub, the German group, saw Century marked up 17 to 143p, within a whisker of the bid price. Turnover of 4.6m Century shares indicated that the German group, which already spoke for around 13.5 per cent of Century, had been back into the market to bid for stock. Fuchs was thought to have increased its stake to above 20 per cent, via a series of agency crosses.

Analysts said the higher bid, which values Century at £46.2m, compared with the original offer of 110p a share or £35m in total, looked sufficient to win control.

A rise in crude oil prices, responding to the latest consumption and stocks figures released by the American Petroleum Institute, helped to stabilise oil shares. May Brent moved up some 55 cents a barrel and approached the $20 level.

Enterprise Oil moved up 8 to 566p on 1m, but there were hints circulating after the market closed that Occidental had accepted a $1.3bn offer from Elf, the French state-owned oil company, for Occidental's North Sea assets. If so, specialists said, Elf would be likely to sell its 25 per cent stake in Enterprise, whose shares have been unsettled by worries that Elf may sell, or that Enterprise itself could move to buy the Occidental assets and need to tap the equity market for cash.

Lasmo rose to 358p but came off sharply to close 2 easier on balance at 350p after reports of a large institutional selling order, said by traders to have been carried out by Strauss Turnbull.

More takeover talk in Midland was taken with a pinch of salt by most specialists, who said that the Bank of England, having approved the changes at the top level of management at Midland, would block any takeover move in the near future. Japanese takeover stories were regarded as non-starters. Midland shares put on 7 more to 239p on 5m traded.

Bad sentiment stemming from the experience of French tyre maker Michelin, which incurred losses last year, depressed Avon Rubber. On revived selling, Avon closed 16 down at 263p.

Positive recommendations outnumbered negative views on Laird in the wake of the previous day's annual results. County NatWest thought the group's above average growth prospects were not reflected in its rating, which stands at a large discount both to the market and to other automotive component manufacturers. BZW took a similar view and the stock bounced 17 to 250p.

Smiths Industries' $600m (£339m) contract to develop systems for a new Boeing jet, combined with satisfactory interim results, was welcomed initially. However, the market had second thoughts and the shares turned back from 288p to close at 277p, down 8 on the day.

A good preliminary statement helped the strong run since the turn of the year continue at Alexander Proudfoot. Annual profits were spot on with the market consensus but the dividend distribution was greater than most expectations.

Mr Mike Smith of Flemings kept his positive stance on Proudfoot, expecting further growth and continued strong cash flow. He also pointed to the robust balance sheet and good dividend cover. The shares climbed 15 to a 1991 high of 415p, compared with the January low of 262p.

A series of unusually large trades in FKI was quickly revealed as representing the sale by Mr Tony Gartland, non-executive chairman of FKI, of all but 500,000 shares of his holding. Mr Gartland sold 24.5m FKI shares at 55.5p via Panmure Gordon, FKI's broker.

FKI said the shares were placed, within minutes, with a number of institutions. It is believed the sale was almost three times oversubscribed. FKI lost a penny at 58p. Turnover, which allowed for double counting of the 24.5m shares, totalled 50m.

Ocean Group winced at the call for £88.1m cash through a rights issue and fell to 349p before rallying to end 12 down on balance at 354p. The company's annual profits and dividend were both slightly higher.

Boddington declined 6 to 162p as Hoare Govett placed 3.6m shares at 158p. The broker paid 157p to Devenish, up 3 at 173p, for the holding.

Smith New Court changed its recommendation on Albert Fisher from buy to hold ahead of the results. The shares slipped 7 to 116p in heavy turnover of 7.5m. There was talk of a switch.

■ Other Market statistics, including the FT-Actuaries share index, Page 26

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (135).
BRITISH FUNDS (7) Treas. 8pc 1992, Fd. 8pc 1993, Exch. 9pc Gas '90-95, Fd.3½pc '99-2004, Treas. 2pc IL 1996, Do. 2½pc IL 2003, Do. 2½pc IL 2013, LOANS (1) N'wide Anglia 4.25pc '24, CANADIANS (2) Amer. Barrick Res., Echo Bay, BANKS (1) Midland, BREWERS (2) Macdonald Martin A, Wolv. & Dudley, BUILDINGS (5) Ashtead, Atwoods, Blockleys, Gleeson, Tay Homes, CHEMICALS (1) Laporte, STORES (8) Alexon, Argos, Fine Arts Devs., Kingfisher 8½pc 2000, Liberty, Do. N/V, Ritz Design, Sherwood, ELECTRICALS (2) Johnson, Logica, ELECTRICITY (6) East Midlands, Eastern, London, Seeboard, Sth. Western, Yorkshire, ENGINEERING (4) Haden MacLellan, Laird, Richards, Torday & Carlisle, FOODS (10) Argyll, Assoc. Fisheries, Farepak, Goodman Fielder Wattie, Hughes, Iceland Frozen, Kwik Save, Nurdin Peacock, Sainsbury (J), Sims, HOTELS (1) Queens Moat 7pc Prf., INDUSTRIALS (22) Amer. Bus. Sys., Baynes (C), Bibby (J), Brammer, Linton Park, Lonrho, Lynx, MB-Caradon, Meteec, PCT, Powell Duffryn, Proudfoot (A), RCO, Record, Reliance Sec., Sanders & Sidney, Serco, Sinclair (Wm), SmithKline Beehm. Equity Units, Smiths Inds., Stag Furniture, Tinsley (E), Titon, INSURANCE (2) Sattire, USF & G, LEISURE (3) Campari, Owners Abroad, Do. 8.75pc Prf., MOTORS (1) Perry, NEWSPAPERS (2) Maxwell Comms., Quadrant, PAPERS (2) Stat-Plus, Waddington (J), Wiggins Teape Appleton, PROPERTY (6) Asda Prop., Do. 5¾pc Prf., Billon (F), Bradford, Cap. & Counties, Do. 5¾pc Prf., Clarke Nickolls & Coombs, Marylebone, Trevian, TRANSPORT (4) Hays, TNT, Tibbett & Britten, Tiphook, TRUSTS (27) Baillie Gifford Japan, Baillie Gifford Shin Nippon, Beta Global Emrg. Mkts., Cons. Venture, EFM Dragon Wrrnts., EFM Java, F & C Pac. Wrrnts, Five Arrows Chile, Do. Wrrnts., Flmg. Amer Cnv. 1999, Flmg. Claverhouse, Flmg. Fledg., Gen. Cons. Sppd. Prf., JF Fldg. Japan, Do. Wrrnts., Jersey Phoenix Wrrnts., Jove, Lon. Amer. Venture, M & G Dual Inc., Martin Currie Pac., New Throg. Inc., Pac. Assets Wrrnts., SPRAIT 8.3pc-13.3pc Cm. Ptg., Scot. & Merc. A Shares, TR Far Eastern Inc., TR Tech. Sppd. Prf., OILS (3) Century, Gallaream Res. Can., Monument, MINES (8) Ang. Amer. Coal, Delta Gold, Doornfontein, Feltrim, Gencor Cons., Indonesian Diamond, Northam Platinum, Precious Metals, Western Areas. NEW LOWS (16).
BUILDINGS (1) Freeman, CHEMICALS (1) Chemex, STORES (1) Usher (F), ELECTRICALS (2) Sema, Wharfedale, ENGINEERING (1) UMECO, FOODS (1) LEES (J.J), INDUSTRIALS (2) Brompton, Pision, NEWSPAPERS (1) Sterling, PROPERTY (3) Hardanger, Stanhope, Wates City of Lon., OILS (3) Cairn Energy, Com-Tek Inc., Ex. Co. of Louisiana, MINES (2) Harmony, Young.

FINANCIAL TIMES STOCK INDICES

	Apr 10	Apr 9	Apr 8	Apr 5	Apr 4	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.39	85.43	85.47	85.55	85.65	78.70	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.73	94.73	94.72	94.64	94.77	85.76	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1992.2	1999.0	1999.0	2014.5	2007.2	1733.3	2014.5 (5/4)	1606.3 (18/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	143.1	140.2	138.4	137.8	138.5	249.0	179.7 (14/1)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2518.8	2527.2	2529.9	2545.3	2524.5	2215.5	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1155.56	1165.29	1164.64	[illegible]	1163.53	-	1170.08 (5/4)	938.62 (16/1)	1170.08 (5/4/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.85	4.86	4.84	4.80	4.82	5.16				
●Earning Yld %(full)	8.87	8.84	8.82	8.75	8.72	11.93				
●P/E Ratio(Net)(☆)	13.87	13.92	13.96	14.07	14.13	10.19				
SEAQ Bargns 4.45pm	32,348	36,774	48,557	59,497	62,934	18,961				
Equity Turnover(£m)†	-	724.05	[illegible]	1793.75	1129.87	1406.15				
Equity Bargains†	-	40,345	[illegible]	67,275	63,589	19,298				
Shares Traded (ml)†	-	431.7	511.6	831.4	526.2	332.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/[illegible] & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.41

Ordinary Share Index, Hourly changes Day's High 1992.5 Day's Low 1981.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1981.3	1982.9	1992.1	1987.5	1988.5	1989.8	1988.7	1989.8	1990.3

FT-SE 100, Hourly changes Day's High 2518.9 Day's Low 2506.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2506.0	2508.1	2518.4	2513.9	2513.1	2515.7	2514.2	2517.4	2517.1

FT-SE Eurotrack 200, hourly changes Day's High 1158.24 Day's Low 1154.13

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1157.75	1157.88	1155.17	1155.33	1155.34	1155.30	1156.49

GILT EDGED ACTIVITY

Indices*	Apr 9	Apr 8
Gilt Edged Bargains	132.7	121.6
5–Day average	110.9	100.5

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

The derivatives markets continued to demonstrate their influence over underlying equity markets yesterday although, with investment interest generally more subdued ahead of today's list of economic data in the US, there were fewer outstanding features.

The June contract on the FT-SE Index advanced at mid-morning when UK market-making firms came in as buyers. The buying appeared to commence when the contract stood at 2,550, and was headed by Barclays de Zoete Wedd. After adding about 15 points to the premium, however, the buyers withdrew from the futures market, turning their attention to the stock market. The underlying stocks were then bought, taking the Footsie Index itself ahead.

In traded options, there was renewed activity in the Euro-FT-SE contract, with investors buying the December 2525 calls and selling the December 2725 calls. Once again the option strategy seemed to be a play aimed at covering the likely range for the index at the end of the year.

The rest of the traded options sector was relatively quiet yesterday, and little developed in the way of significant features. Traders said interest in the sector had quietened down as investors ponder their decisions on the new UK financial tax year.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1990: 126.8 and for February 1991: 130.9.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

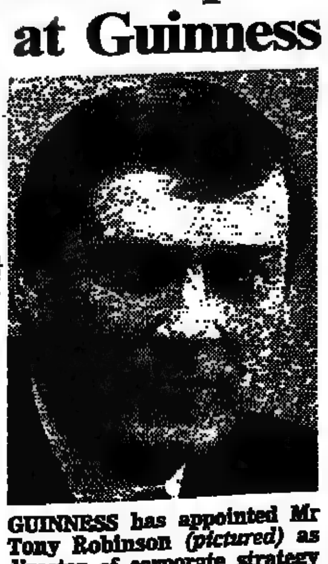
AMERICANS—Contd

CANADIANS

Continued on next page

APPOINTMENTS

Senior post at Guinness



GUINNESS has appointed Mr Tony Robinson (*pictured*) as director of corporate strategy and financing. He joins from GEC where he was assistant finance director, and succeeds Mr Rudolph Kalveks who has taken a post outside the group.

■ BIRMINGHAM MIDSHIRES BUILDING SOCIETY has appointed Mr Andrew Binks as head of finance. He was controller, commercial group, with the Thomas Cook Group. Mr Anthony Crawford becomes assistant general manager (head of credit cycle). He was senior credit executive, British Credit Trust.

■ ITNET, part of Cadbury Schweppes, has appointed Mr Nick Balderson as information systems director. He was account development manager of Coca-Cola Schweppes Beverages, an ITnet client. Mr Colin Bradley becomes computer services director. He was director of production and technical services at AT&T Istel.

■ Mr Howard Kilroy has been appointed to the court of directors of BANK OF IRELAND as governor-designate, to succeed Dr Louden Ryan in July. Mr Kilroy is president and chief operations director of the Jefferson Smurfit Group, chairman of Waterford Wedgwood, and president of the Irish Management Institute.

Observer, page 18

■ Mr John G. Brown has been appointed manufacturing director of THOMAS WILLIAM LENCH, Warley. He was manufacturing manager of Aeroquip.

■ The INGRES products division of ASK Computer Systems has appointed Mr Peter Woodruff as UK group controller for its financial administration department.

■ Following re-organisation of LEP GROUP's international transportation division, Mr T. Peter Singleton has been appointed managing director of LEP International, UK.

■ MACDONALD MARTIN DISTILLERIES, proprietor of Glenmorangie Distillery, has elected Mr Keith L. Steel to the board. He joined the company in 1981 and is responsible for sales development in the Far East, Australasia, and international taxfree markets.

■ Mr Steve Assiter, financial controller and company secretary of STENA OFFSHORE, has been promoted to financial director. Mr Jim Neffgen has been appointed to the new post of technical manager.

■ BRIDGWATER BROS. HOLDINGS, Godalming, has appointed Mr Tom Dawson to the main board. He continues as chairman and managing director of the group's memorial business.

■ Mr John Hargreaves, company secretary, has joined the main board of ORIEL GROUP with responsibility for financial control. Mr John Smith, formerly a director of Sedgwick, and chief executive of Wigham Poland Holdings, will join the board of Oriel on May 1 as a non-executive director.

■ Mr Nick Cosh, finance director of MAI, is leaving to join JARDINE MATHESON as a director of Jardine Insurance Group. He becomes a non-executive director of MAI.

■ ABB ASEA BROWN BOVERI has promoted Mr Bob Allen to managing director of ABB Control, Coventry. He has been with the group since 1974.

■ RENTOKIL has promoted Mr Michael Morgan from general manager to divisional managing director of the UK property care service.

■ Mr Derek Randall (*pictured below*) has been appointed an executive director on the board of JOHN WOOD GROUP, and becomes managing director of the group's joint venture engineering design company, Foster Wheeler Wood Group Engineering, where he has been general manager on secondment from Foster Wheeler.

Foster Wheeler Wood Group has also promoted Mr Hamish Ritchie, director of operations, to deputy managing director, and Mr Peter Prentice, engineering manager, to the board as engineering director.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
£11¼	£9⅞	ABN Amro Fl5	£11	.....	Q30%	♦	4.2	♦
151	121	ANZ SA1	141	-2	Q38c	1.9	11.6	4.5
284	211	Abbey National 10p	279	.....	9.5	3.0	4.5	9.7
183	125	Allied Irish Ord.	178	-3	Q40%	3.3	5.3	7.7
65	53	Anglo Irish	68	.....	Q18.6%	2.3	7.0	7.9
60	39	Ansbacher (H.) 1p	38	.....	1.5	0.3	5.3	–
£55	£42	Bancaire Cie Fr100	£48	.....	Q15%	–	3.3	–
£17¼	£12½	Banco Bilbao Viz.	£17	-¼	Q49.1%	2.7	4.8	7.7
£30	£21	Banco de Santander	£30	.....	Q28.7%	2.3	3.9	10.7
208	139	Bank Ireland Ir£1	198	-1	Q14.7%	2.9	6.7	6.9
£19½	£19½	Bank Leumi	£19½	.....	–	–	–	–
350	350	Bank Leumi (U.K.)£1	350	.....	16.0	–	6.1	–
146	111	Bank Scotland	140	-1	4.55	3.4	4.3	[redacted]
110	96½	Do. 9¼pc Irrd Pf £1	106	.....	9¼%	–	11.6	–
110½	99½	Do. 9¾pc Irrd Pf £1	109½	.....	9¾%	–	11.8	–
43	35	Bank of Wales	43	.....	2.8	0.8	8.7	(20.7)
489	327	Barclays £1	463	.....	21.15	1.1	6.1	19.3
12	9	Beneficial 20p	10	.....	0.75	–	10.0	–
252	195	Brown Shipley £1	252	.....	22.0	2.2	‡	8.1
464	384	Cater Allen £1	459	-2	F24.5	–	7.1	–
44	36	Chancery	36	.....	9.0	2.7	‡	1.4
£18⅝	£15	Commerzbk DM10	£17¼	-⅜	Q18%	–	3.5	–
£23½	£19½	Deutsche Bk DM50	£21⅞	-⅛	Q28%	–	2.2	–
£9⅞	£7⅞	Dai Ichi KBk Y50	£9⅛	+⅛	Q17%	6.2	0.4	45.5
£18½	£16¼	Espirito Santo	£18	.....	Q75c	5.1	2.3	8.4
215	152	First Nat. Fin. 10p	205	-1	13.0	1.2	8.5	(12.2)
110	78	FNFC 6.3pc Cv Pf £1	106	-2	6.3%	–	7.9	–
1100	867	Fuji Bank Y50	1070	-12	Q17%	6.9	0.3	45.6
355	303	Gerrard & National	344	-4	19.0	–	7.4	–
78	50	Guinness Mahon 10p	52	.....	1.45	–	3.8	–
193	189	HSBC Hldgs HK$10	189	.....	Q8.18c	–	1.4	–
302	204	Hambros 20p	268	-6	11.5	–	5.7	–
125	90	Do. 7.5pc Cv Pf £1	111	-3	7½%	–	9.0	–
419	378	Joseph (Leo) £1	408	.....	15.85	–	5.2	–
153	121	King & Shaxson 20p	151	-1	10.25	–	9.1	–
377	249	Kleinwort Benson Gp.	339	-4	16.0	–	6.3	–
491	382	Kyowa Bk Y50	475	+11	Q14%	3.8	0.6	44.9
379	268	Lloyds £1	361	-5	15.3	1.6	5.7	14.8
63	47	Lon. Scot. Bank 10p	58	-2	2.75	1.7	6.3	10.6
235	150	Midland £1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
81	50	ABI Leisure 10p	81	...	3.1	4.4	5.1	5.6
£71½	£51¼	DAF N.V. Fl5	£57½	-½	...	...	...	...
109	79	General Mtrs Units	102	-4	Q12½%	...	6.8	...
14	9	March Group 5p	14	...	...	...	...	...
£133½	£118	Volkswagen DM50	£119½	-2½	Q22%	3.5	3.1	9.4
£30½	£18½	Volvo AB 'B' Kr25	£29¼	-½	Q62%	...	4.7	...

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
195	114	Grainger Trust	188	-5	5.25	2.0	3.7	17.9
255	206	Gt. Portland 50p	238	-1	19.0	1.5	5.0	17.9

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Craig & Rose £1.	650	...
Finlay Pkg. 5p	31	...
Holt (Jos) 25p	1604	...

IRISH

Stock	Price	+ or -
Cap 8½% Ln. 1991	£99¾	...
9pc Cap Ln. 1996	£98¾	...
Fin. 13% 97/02	£114½	...
Arnotts	165	...
Carrol (P.J.)	154	...
Helton Hldgs.	50	...
IRG	155	...
United Drug	179	...

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	48
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	35
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	43
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property

Stock	p
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	40
Mountleigh	[illegible]½

Oils

Stock	p
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines

Stock	p
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	47.78	48.10	[illegible]	[illegible]	5.13

Martin Currie Unit Trusts Ltd
48 Melville St, Edinburgh EH3 7HF

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	97.88	97.88	[illegible]	[illegible]	1.10
Income & Growth	5¼	62.57	62.57	[illegible]	[illegible]	4.65
European (z)	5¼	54.95	54.95	[illegible]	[illegible]	1.53
Nth American (z)	5¼	36.63	36.63	[illegible]	[illegible]	1.35
Intl Growth	5¼	63.70	64.92	[illegible]	[illegible]	0.85
UK Growth	5¼	56.40	56.40	[illegible]	[illegible]	1.94
Intl Income	5¼	47.68	48.14	[illegible]	[illegible]	6.59
High Yield	5¼	45.76	46.38	[illegible]	[illegible]	7.00
Charities	5¼	92.43	93.73	[illegible]	[illegible]	5.63
Japan	5¼	40.92	40.92	43.43	-0.03	—

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing: 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth	6	68.04	69.45	74.28	-0.45	3.33
UK High Income	6	35.29	35.77	38.26	-0.21	5.28

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 [illegible]

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Avon Equity	6	92.20	93.78	99.77	[illegible]	[illegible]

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	30.99	30.99	33.05	-0.64	1.54
(Accum Units)	5¼	33.16	33.16	35.37	-0.69	1.54
Australian	5¼	168.50	168.50	180.70	-2.00	5.04
(Accum Units)	5¼	189.70	189.70	203.50	-2.20	5.04
Conscience	5¼	51.96	52.81	56.36	-0.41	1.98
(Accum Units)	5¼	54.49	55.38	59.10	-0.44	1.98
European	5¼	139.70	141.40	150.80	-1.30	1.03
(Accum Units)	5¼	148.20	150.00	160.00	-1.30	1.03
Extra Income	5¼	66.21	67.07	71.57	-0.38	8.54
(Accum Units)	5¼	[illegible]	[illegible]	[illegible]	[illegible]	8.54
Far East Gth Acc	5¼	[illegible]	[illegible]	[illegible]	[illegible]	0.26
Gilt & F.I.	5¼	[illegible]	[illegible]	[illegible]	[illegible]	9.23
(Accum Units)	5¼	107.90	107.90	114.20	[illegible]	9.23

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

The Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Swiss Life Unit Tst Mas Co Ltd (1200)F						
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing 0277 261010						
Equity Dist	5¼	[illegible]	433.0	458.2	-3.5	3.67
Equity Acc	5¼	[illegible]	602.2	637.3	-4.9	3.67
Fixed Int Dist	5¼	[illegible]	115.3	119.5	-0.1	8.53
Fixed Int Acc	5¼	[illegible]	245.3	254.2	-0.3	8.53
UK Index Track Dist	5	[illegible]	99.42	105.2	-0.9	4.19
UK Index Track Acc	5	[illegible]	104.0	110.1	-0.8	4.19

TSB Unit Trusts (1200)F

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or –	Yield Gross
Life Managed Fd	104.8	110.3	-0.6	–
Pension Managed Fd	102.1	107.5	-0.6	–
Life Deposit Fd	105.9	111.4	–	–
Pension Deposit Fd	110.5	116.3	+0.1	–

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395599

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Managed Cautionary	112	122.5	+0.1	–
Managed Growth	138.8	151.7	-0.3	–
Managed Opportunity	136.8	150.4	-0.2	–
NFMC Target Financial	103.9	111.8	+0.3	–
Pension Funds				
Managed Cautionary	120.6	131.1	+0.1	–
Managed Growth	145.3	158.9	-0.3	–
Managed Opportunity	138	150.9	-0.3	–
NFMC Target Mngd Pen	1501.9	1632.5	-12.5	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or –	Yield Gross
Harvester Pension Funds				
Managed	161.2	169.7	+1.1	–
UK Equity	171.7	180.8	+2.7	–
Overseas Equity	131.6	138.6	-1.8	–
Fixed Interest	143.9	151.5	+0.8	–
Property	130.8	137.7	+0.2	–
Index Linked	147.3	155.1	+1.0	–
Deposit	153.8	161.9	+0.4	–
With Profits (8)	127.1	133.8	–	–

National Provident Institution
48 Gracechurch St, London EC3P 3HR 071-623 4200

	Bid Price	Offer Price	+ or –	Yield Gross
Managed	350.5	369.0	-2.0	–
UK Equity	447.4	471.0	-2.8	–
Overseas Eq	339.4	357.3	-2.7	–

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690885

	Bid Price	Offer Price	+ or –	Yield Gross
Initial Equity	155.0	163.5	-1.0	–
Accum Equity	220.5	232.5	-1.0	–
Accum Managed	226.5	239.0	-1.0	–
Accum Five Star	170.0	179.5	-0.5	–
Accum World	122.0	129.0	-0.5	–
Accum Lifetime	113.1	113.1	-0.2	–
Pens Acc Equity	240.0	253.0	-1.5	–
Pens Acc Managed	283.5	299.0	-1.0	–
Pens Acc Intl	207.0	218.0	-2.0	–
Pens Acc Deposit	195.5	206.0	+0.5	–
Pens Acc Five Star	187.0	197.5	-0.5	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or –	Yield Gross
UK Equity Acc	229.0	241.6	-1.4	–
UK Fixed Int Acc	169.9	179.3	+0.1	–
Intl Equities Acc	177.1	186.9	-0.1	–
UK Managed Acc	174.1	183.6	-0.6	–
Property Acc	225.7	238.1	-0.1	–
Money Acc	127.5	134.5	+0.1	–
Special Market Acc	130.4	137.6	-0.2	–
Japan Equity Acc	107.2	113.1	+0.2	–
North American Acc	101.6	107.2	-2.0	–
Pacific Acc	92.8	97.9	-0.4	–
Technology Acc	120.3	127.0	-1.6	–
Nat Resources Acc	55.4	58.5	+0.6	–
European Acc	100.3	105.9	-0.4	–
Residential Prop Acc	96.3	101.6	–	–
Swiss Equities Acc	35.6	37.6	-0.1	–
Hong Kong Acc	62.2	65.7	–	–
UK High Inc Eq Acc	75.9	80.1	-0.6	–
Int Fixed Interest Acc	55.5	58.6	-0.1	–
Int Managed Acc	56.4	59.4	-0.1	–
HIP Managed Acc	112.2	118.3	-0.4	–
HIP Managed II Acc	98.5	103.9	-0.2	–
HIP Managed III Acc	104.2	109.9	-0.2	–
Total Investment Bond				
UK Equity Initial		156.2	-0.9	–
UK Fixed Int Initial		116.1	–	–
Intl Equities Initial		120.2	-0.1	–

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$756.87			-
Fixed Income Shares	5880.25			-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth	$11.27		+0.1	-
Yamaichi ISS Fund	$8.27		+0.12	-
Yamaichi CB Plus Fund	$8.77		+0.13	-
Thai Inv Fund	$11.42			-

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (a)
29 Kildare Street, Dublin 010 353 1760 630

MI Global Asset Mngmt Co Ltd "MI Trusts"

IRELAND (REGULATED)(**)

Bank of Ireland Unit Managers Ltd

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

INVESCO MIM International (Jersey) Ltd
PO Box 271, St Helier, Jersey 0534 73114

Lloyds Bank (CI) U/T Mgrs.
PO Box 195, St Helier, Jersey 0534 27561
Dealing daily

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 37780

For MIM see INVESCO MIM

Royal Trust Jsy Fd Mngt Ltd (1400)F
PO Box 428, St Helier, Jersey 0534 76077

TSB Trust Funds (CI)
PO Box 538, St Helier, Jersey 0534 73494
TSB Offshore Investment Fund Ltd
TSB Gilt Fund Ltd

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

NM Financial Mngt Intl Ltd

The New Zealand Fund

Newport International Management

Nomura Warrant Fund 1990 Ltd

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm ahead of data

THE DOLLAR was firmer ahead of US inflation figures today and tomorrow, awaiting possible reaction to the data from the Federal Reserve.

The failure of the Fed to ease its credit policy after last Friday's weak US employment report pushed the dollar above DM1.69 at the beginning of the week, but speculation that a decline in inflationary pressure might prompt lower interest rates brought the dollar down below DM1.66 in early European trading yesterday.

Technical support at DM1.6550 held however and the currency rallied as traders covered short positions. Market forecasts suggest that today's producer price index for March will be unchanged, after falling 0.6 per cent in February, and that the year-on-year wholesale inflation rate will rise to 3.5 from 3.2 per cent, but this will still leave dealers to wait for tomorrow's consumer price index.

The March CPI is expected to rise by an unchanged 0.2 per cent, leaving the headline annual inflation rate at 5.3 per cent, but the market will be looking to see whether underlying inflation, stripping out food and energy prices, falls from February's year-on-year rate of 5.7 per cent.

It has been suggested that a fall in the underlying rate will prompt an easing by the Fed, but Mr Edward Kelly, a Fed governor, said in Tokyo yesterday that US inflation is still too high, although he believed it might have peaked. On the other hand he gave some encouragement to hopes of lower rates by adding that the recession is still in place.

At the London close the dollar had climbed to DM1.[illegible] from DM1.6685; to Y136.30 from Y135.05; to SFr1.4235 from SFr1.4130; and to FFr5.6775 from SFr5.6475. Its index rose to 64.9 from 64.8.

The two highest placed currencies in the European exchange rate mechanism - the Spanish peseta and sterling - are also waiting for data on inflation tomorrow. The underlying [illegible] of Spanish inflation is expected to remain around 7.5 per cent and is unlikely to encourage the Bank of Spain to ease its monetary stance.

The Bank of Spain has sold pesetas and bought French francs during the last four trading days as the Spanish currency has hit its ERM ceiling of FFr5.4785 per 100 pesetas.

Sterling was again the second strongest ERM currency. London money market rates continued to discount an immediate cut of ½ point to 12 per cent in bank base rates, amid speculation that a fall in the annual rate of inflation could prompt a move from the Bank of England when the March retail price index is published tomorrow.

The pound fell 1.10 cents to $1.7795 against the dollar, but was unchanged at DM2.9875. Sterling declined to FFr10.1025 from FFr10.1125 while rising to Y242.50 from Y241.75 and to SFr2.5325 from SFr2.5300. Its index closed unchanged at 93.1.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 10	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.333	-4.71	6.18	[illegible]
Sterling	0.696904	0.690471	-0.92	2.12	17
Italian Lira	1538.24	1529.43	-0.57	1.76	36
Belgian Franc	42.4032	42.4036	0.00	1.17	3
D-Mark	2.05586	2.06180	0.29	0.88	-8
Dutch Guilder	2.31643	2.32335	0.30	0.87	-7
Irish Punt	0.767417	0.771721	0.56	0.61	-19
Danish Krone	7.84195	7.90464	0.80	0.37	-32
French Franc	6.89509	6.97599	1.17	0.00	-55

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

£ IN NEW YORK

Apr.10	Latest	Previous Close
£ Spot	1.7725-1.7735	1.7930-1.7640
1 month	0.91-0.90pm	0.96-0.94pm
3 months	2.49-2.47pm	2.49-2.46pm
12 months	7.27-7.17pm	7.22-7.12pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

POUND SPOT - FORWARD AGAINST THE POUND

Apr 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7770 - 1.7985	1.7790 - 1.7800	0.92-0.90cpm	6.14	2.51-2.48pm	5.61
Canada	2.0485 - 2.0705	2.0500 - 2.0510	0.45-0.36cpm	2.37	1.23-1.10pm	2.27
Netherlands	3.3605 - 3.3700	3.3600 - 3.3700	¾-¼cpm	2.90	2¼-2pm	2.53
Belgium	61.25 - 61.95	61.45 - 61.55	18-13cpm	3.02	42-37pm	2.57

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Apr 10	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.780	2.988	242.5	10.10	2.533	3.365	2215	2.051	61.50	1.447
$	0.562	1	1.679	136.2	5.674	1.423	1.890	1244	1.152	34.55	0.813
DM	0.335	0.596	1	81.16	3.380	0.848	1.126	741.3	0.686	20.58	0.484
YEN	4.124	7.340	12.32	1000.	41.65	10.45	13.88	9134	8.458	253.6	5.967
F Fr.	0.990	1.762	2.958	240.1	10.	2.508	3.332	2193	2.031	60.89	1.433
S Fr.	0.395	0.703	1.180	95.74	3.987	1	1.328	874.5	0.810	24.28	0.571
H Fl.	0.297	0.529	0.888	72.07	3.001	0.753	1	658.2	0.610	18.28	0.430
Lira	0.451	0.804	1.349	109.5	4.560	1.144	1.519	1000.	0.926	27.77	0.653
C$	0.488	0.868	1.457	118.2	4.924	1.235	1.641	1080	1	29.99	0.706
B Fr.	1.626	2.894	4.859	394.3	16.42	4.119	5.472	3602	3.338	100.	2.353
ECU	0.691	1.230	2.065	167.6	6.980	1.751	2.326	1531	1.417	42.50	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

BASE LENDING RATES

MONEY MARKETS

London rates ease

THE DOWNWARD drift in wholesale London interest rates continued yesterday in expectation of an early cut in UK bank base rates.

Trading was quiet, but sentiment was underpinned by the pound's strong position in the ERM and by forecasts that the annual rate of inflation will fall when the March UK retail price index is published tomorrow.

Three-month sterling interbank was quoted at 12-11⅞ per cent, compared with 12-11$\frac{15}{16}$ per cent on Tuesday, while 12-month money was unchanged at 11⅝-11½ per cent.

UK clearing bank base lending rate 12.5 per cent from March 22, 1991

Short sterling futures also traded quietly on Liffe. June delivery opened slightly lower at 88.86 and moved within a narrow range of 88.83 to 88.88, before closing at 88.84 against 88.88 previously.

A money market credit shortage of £850m was initially forecast by the Bank of England, but this was revised to £700m in the afternoon. Total assistance of £728m was provided.

An early round of help was offered and at that time the authorities bought £83m bank bills outright in band 2 at 12⅛ per cent. Before lunch another £249m bank bills were purchased in band 2 at 12⅛ per cent. In the afternoon £151m bank bills were bought in band 2 at 12⅛ per cent and late assistance of around £245m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £350m, with exchequer transactions absorbing £365m; a rise in the note circulation £25m; and bank balances below target £110m.

In Frankfurt call money was unchanged at 8.85 per cent as the market continued to digest Tuesday's increase in the fixed rate on one-month securities repurchase agreements offered by the Bundesbank.

Dealers pointed out that market rates had been well above the repurchase pact rate for some time and that the fixed-rate tenders were the cheapest way of obtaining money.

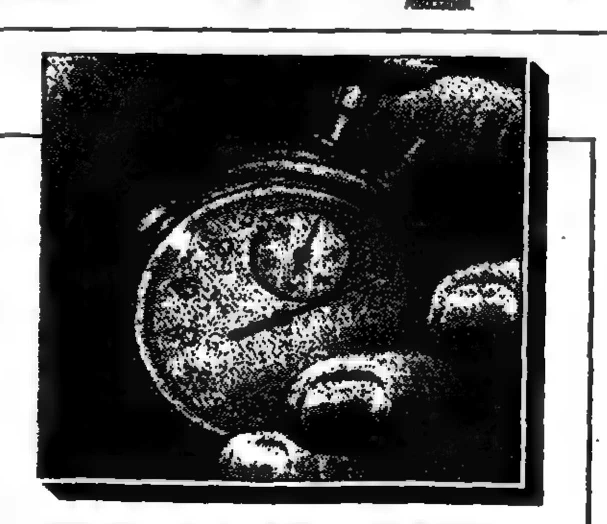
Many were not surprised when the Bundesbank increased the rate to 8.60 from 8.50 per cent and were also unconvinced that the move was a warning of higher discount or Lombard rates.

At this week's tender the Bundesbank added a net DM1.1bn, when accepting bids of DM23.7bn for 28-day money, compared with an expiring facility of DM22.6bn.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES



MONEY MARKET FUNDS

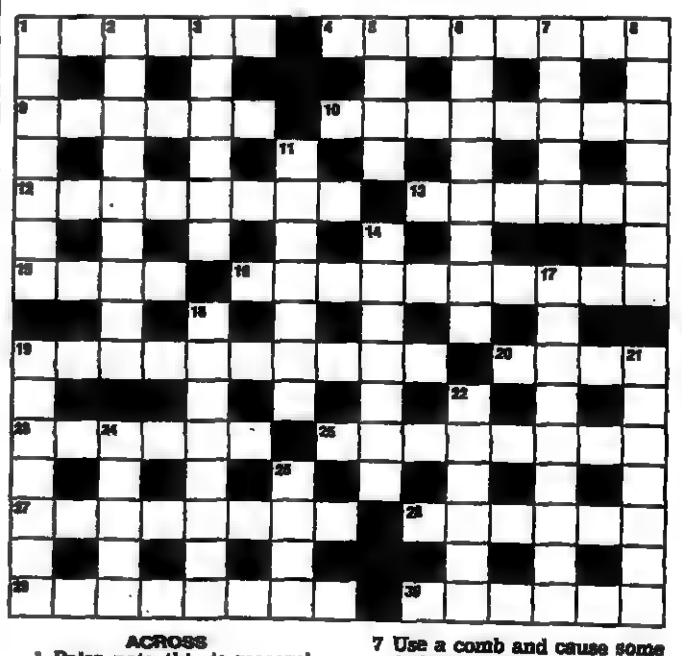
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,515 Set by VIXEN



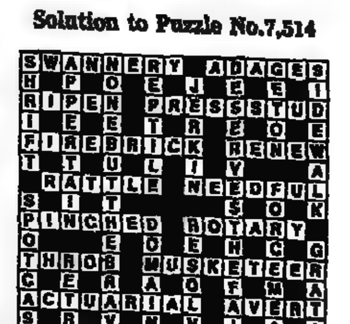
ACROSS

1 Poles note this is meagrely distributed (6)
4 Arguments taking place in newly-formed sides (8)
9 Told stories about a medico having arms (6)
10 Representative of the French entry (8)
12 Cheat, worn-out and guilt-ridden (8)
13 Quietly and cunningly 7 to get foreign currency (6)
15 To the heartless it's a gambling device (4)
16 7 with a schedule that may be opposed (10)
19 Where the young are raised by social crawlers (10)
20 Opening in the traditional way (4)
23 Somewhat less diplomatic, being a bit of a swine (6)
25 Making a beginning can be disturbing (8)
27 Charged for a wide variety of modern requirements (8)
[illegible] See articles to shudder at (6)
[illegible] Allow to relate blunders (8)
[illegible] Forces from Western circles (6)

DOWN

1 Seek proper treatment of colitis (7)
2 A cross on a church carpet (9)
3 Promises sport in an ocean-going vessel (6)
5 A piece – a little piece – of white muslin (4)
6 Final words about dislike for gratuities (8)
7 Use a comb and cause some irritation (5)
8 Watch and call tan there's a leak (7)
11 Seating a Turk (7)
14 This ban affected the production of alcoholic drink (7)
17 Game but wretched 26 – back-number (9)
18 The man who controls creditor ordering (8)
19 It's wrong taking in people suffering (7)
21 A great cat with long hair receiving private American backing (7)
22 Love outside right's defence (6)
24 A hard case a woman will join (5)
26 A real moneymaker for the gardener! (4)

Solution to Puzzle No.7,514



WORLD STOCK MARKETS

AUSTRIA
April 10 — Sch. — + or −

[illegible]

BELGIUM/LUXEMBOURG
April 10 — Frs. — + or −

[illegible]

DENMARK
April 10 — Kr — + or −

[illegible]

FINLAND
April 10 — Mkk — + or −

[illegible]

FRANCE
April 10 — Frs. — + or −

[illegible]

FRANCE (continued)
[illegible]

GERMANY
April 10 — Dm. — + or −

[illegible]

GERMANY (continued)
[illegible]

ITALY
April 10 — Lire — + or −

[illegible]

NETHERLANDS
April 10 — Fls. — + or −

[illegible]

NORWAY
April 10 — Kroner — + or −

[illegible]

SPAIN
April 10 — Pts. — + or −

[illegible]

SWEDEN
April 10 — Kronor — + or −

[illegible]

SWEDEN (continued)
[illegible]

SWITZERLAND
April 10 — Frs. — + or −

[illegible]

SOUTH AFRICA
April 10 — Rand — + or −

[illegible]

JAPAN
April 10 — Yen — + or −

[illegible]

AUSTRALIA
April 10 — Aust.$ — + or −

[illegible]

HONG KONG
April 10 — H.K.$ — + or −

[illegible]

MALAYSIA
April 10 — MYR — + or −

[illegible]

SINGAPORE
April 10 — S$ — + or −

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
3:00 pm prices April 10

Quotations in cents unless marked $

[illegible]

MONTREAL
3:00 pm prices April 10

[illegible]

Total Sales [illegible] shares

INDICES

NEW YORK

DOW JONES	Apr. 9	Apr. 8	Apr. 5	Apr. 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2873.02	2918.56	2896.78	2924.50	2973.27 (4/3)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.66	93.84	93.72	93.61	94.86 (15/3)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1111.60	1123.06	1114.95	1121.68	1166.26 (5/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.47	216.11	215.10	216.11	218.12 (26/3)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2932.43 (2929.21) Low 2863.37 (2877.72)

STANDARD AND POOR'S

	Apr. 9	Apr. 8	Apr. 5	Apr. 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	373.55	378.66	375.36	379.77	379.77 (4/4)	311.49 (9/1)	379.77 (4/4/91)	4.40 (1/6/32)
Industrials	442.25	448.46	444.37	449.84	449.84 (4/4)	364.90 (9/1)	449.84 (4/4/91)	3.62 (21/6/32)
Financial	29.77	30.27	30.05	30.36	30.36 (4/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	204.74	207.17	205.66	207.73	207.73 (4/4)	170.97 (9/1)	207.73 (4/4/91)	4.46 (25/4/42)
Amex Mkt. Value	363.64	364.25	363.41	366.11	366.11 (4/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	492.46	495.65	495.79	497.57	497.57 (4/4)	355.75 (14/1)	497.57 (4/4/91)	54.87 (31/10/72)

	Apr.5	Mar.22	Mar.15	year ago (approx.)
Dow Industrial Div. Yield	3.48	3.53	3.42	4.03

	Apr.3	Mar.27	Mar.20	year ago (approx.)
S & P Industrial div. yield	2.81	2.84	2.88	3.05
S & P Indl. P/E ratio	18.44	18.27	17.95	15.09

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Sanitel Co	5,429,700	1	− ⅛
Safeway	4,025,500	20¾	− 1⅛
Food American	2,718,500	45	—
USF & G	2,654,800	11⅛	+ 1⅛
Pepsico	2,452,700	32⅞	− ⅛
Pet Inc	2,335,700	17¼	+ ⅛
Nabisco RJ	2,314,300	11¼	− ⅛
Philip Morris	2,165,800	68⅞	− ⅛
Chase Holdings	1,982,800	38⅞	− 1⅛
GTE Corp	1,725,500	33	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Apr.9	Apr.8	Apr.5
New York	169.940	138.590	188.467
Amex	13.784	12.166	13.064
NASDAQ	170.477	148.939	200.264
Issues Traded	2,087	2,053	2,046
Rises	567	946	599
Falls	1,051	618	938
Unchanged	469	489	509
New Highs	89	99	125
New Lows	6	6	5

CANADA

TORONTO	Apr. 9	Apr. 8	Apr. 5	Apr. 4	1991 HIGH	1991 LOW
Metals & Minerals	3095.40	3132.89	3135.70	3134.10	3284.18 (5/3)	2632.06 (9/1)
Composite	3505.14	3515.68	3518.13	3524.26	3571.53 (6/3)	3161.95 (15/1)
MONTREAL Portfolio	1839.49	1845.37	1844.52	1851.13	1888.19 (5/3)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 10	Apr. 9	Apr. 8	Apr. 5	1991 HIGH	1991 LOW
AUSTRALIA ... WORLD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

**Saturday April 6: Taiwan Weighted Price: [illegible]

& Subject to official recalculation.

Base values of all indices are 100 except: BEL20, HEX General, ISEQ [illegible] JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – [illegible]

TOKYO - Most Active Stocks
Wednesday 10 April 1991

	Stocks Traded	Closing Prices	Change on day
Hitachi Zosen	9.8m	[illegible]	−11
Nippon Yin Kgo	8.4m	[illegible]	+13
Dai-Tko Fn&Mne	7.3m	1,020	+70
S'tomo Milling	7.2m	1,260	+60
Tokai Carbon	5.9m	850	+2
Kuraray	5.5m	1,[illegible]	−10
Kanematsu	5.2m	851	−12
Hazama-Gumi	4.6m	1,190	−30
S'tomo Mtl	4.0m	525	−4
M'bishi Heavy	3.9m	755	−6

3:15 pm prices April 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	8¼	AAR Corp	0.48	0.04	12	215	13⅞	13¼	13¼	-½
28¼	21⅝	A L Labs A	0.24	0.01	32	334	27½	27¼	27¼	-¼
54¾	40⅞	AMP Inc	1.44	0.03	18	737	51⅛	50¼	50⅜	-⅞
63	44¼	AMR			90	1364	58⅝	57⅞	58	
2⅝	1⅛	ARX			3	28	2½	2⅜	2½	
48¾	41½	ASA	3.00	0.06	13	462	47⅛	46⅜	46¾	-⅜
50¾	39⅛	Abbott Lab x	1.00	0.02	21	4927	48⅞	48⅛	48½	-⅜
13½	9⅞	Abitibi Pr x	0.00	0.04	19	202	13⅞	13¾	13¾	-⅛
11¼	10⅜	ACM Gvt In v				291	u11¼	11⅛	11⅛	
9⅞	8⅞	ACM GvOpp y				127	9⅛	9	9	
9	8¼	ACM Gvt Sp z	1.01	0.11		253	8⅞	8¾	8⅞	+⅛
10⅝	9⅞	ACM Gvt Se				280	u10⅝	10⅜	10⅝	+⅛
8¼	7⅝	ACM Man x				246	8	7⅞	8	+⅛
12⅝	11⅞	ACM Mangd z				113	12½	12⅜	12½	
7⅛	4¾	Acme Cleve	0.40	0.06	17	71	6⅝	6½	6¼	-⅛
6	4⅜	Acme Elect			18	22	5	4⅞	5	
40	22¾	Acuson			27	889	37⅞	36⅞	36⅞	-⅞
17⅛	14¼	Adams Expr	0.48	0.03	0	128	16½	16⅜	16⅜	-⅛
20	16⅞	Adobe12Pf	2.40	0.12		8	u20	19⅞	19⅞	+⅛
9⅛	7	Adobe Res			19	515	7⅞	7¾	7⅞	+⅛
31⅞	18	Ad Micro				263	31⅞	31½	31½	
12⅛	4⅝	Ad Micro P	3.00	0.26	22	7733	11⅞	11⅝	11⅝	-⅛
4⅝	2⅛	Advest Grp			3	80	4⅞	4⅛	4⅛	-⅛
45⅞	30⅞	Aetna Lf	2.76	0.06	7	1143	45¼	45⅝	45⅝	-⅛
10⅝	6⅝	Ahli A	0.24	0.02	27	1017	9⅞	9⅝	9⅝	-⅛
18⅝	12	Ahmanson	0.88	0.05	8	2736	17½	16½	16½	-⅛
5⅞	2⅞	Alleen Inc			8	413	5½	5⅛	5⅛	-⅜
[illegible]										

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¾	4⅞	RAC Mortg x	0.60	0.09	7	264	7	6¾	6¾	-⅛
12⅞	4½	RJRNab W89				1800	11⅛	10⅞	10⅞	-⅛
16½	11¾	RLI Corp	0.44	0.03	7	11	15⅞	15¼	15¼	
8	4	RMI Titanm	0.10	0.01	3	104	6⅞	6¾	6¾	-¼
10¾	6⅞	ROCTaiwan				55	10⅝	10½	10⅝	
6¼	4¾	RPS Realty			7	110	6	5¾	5¾	-⅛
73½	48¾	Racal ADR			21	931	69	67¼	68¼	-1⅝
59⅝	46⅛	Ralston Pu	1.08	0.02	16	1668	57¾	56¾	56	-1⅝
29¾	21¼	Raychem Co	0.32	0.01	7	238	24½	24½	24½	-⅛
34⅞	18¾	RayJames F	0.14	0.00	23	33	32⅝	32¼	32¼	-⅜
84½	65⅞	Raytheon x	2.40	0.03		93215	82⅛	80½	80⅞	
36⅝	26½	ReadersD A	0.60	0.02	21	143	34⅞	33⅝	33⅝	-¼
2½	1½	Reading&B			1	519	2¼	2⅛	2¼	+⅛
17½	12⅜	RealEstTr	1.42	0.08	13	51	17	16⅝	16⅝	
6¼	4¾	RecognitEq			2	3	5⅞	5⅞	5⅞	
25	10¾	Reebok Int	0.30	0.01	14	4018	23⅜	22⅞	22⅞	-⅛
[illegible]	[illegible]	Regal Intl			15	6	[illegible]	[illegible]	[illegible]	-⅛
12⅞	8¼	Reich&Tang			6	10	11¾	11¾	11¾	
7½	4½	Reliance	0.32	0.06	80	6	5¾	5¾	5⅝	
27¼	20¾	Repsol ADR				121041	24⅛	23⅞	23⅞	-¼
60⅛	47	Repub N Y	1.40	0.02	10	4	59½	59½	59⅝	
3⅝	1⅛	Rexene Crp			29	6	2⅝	2½	2⅝	
20⅞	16	Reynolds&R	0.84	0.04	9	1122	20½	20	20	-⅛
65⅞	52	Reynolds M	1.80	0.03	11	654	56⅛	55½	55⅞	+¼
32¼	23	RhoneP ADR				9	31¼	31	31⅛	
17	9¾	RhoneP ADS				2411	16¼	16⅝	16⅝	
93¾	67½	RhoneP Ror	0.84	0.01	392	316	79⅝	79¼	79¼	-⅛
17¾	10⅛	RhoneP SA				42	u17¼	17	17¼	+⅜
47¾	35½	Rite Aid	1.00	0.02	17	981	45½	44¼	44¾	-⅜
0.15	[illegible]	River Oaks			0	11	u0.15	0.15	⅛	

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21⅛	14½	Xtra 1.94				3	21	21	20⅞	
24⅞	14¼	Xtra Corp	0.72	0.03	12	121	24½	23⅞	23⅞	-⅛
1⅛	⅞	Zapata			6	112	1	[illegible]	1	
9⅞	6⅛	ZenithElec			4	321	8½	8⅛	8⅜	
18¾	12	Zenith Nat	1.00	0.06	35	68	17⅞	17⅜	17⅞	-⅛
6⅛	4½	Zenix Inc	0.58	0.06		81	u6	5⅞	5⅞	+⅛
14	10⅞	Zero Corp	0.72	0.05	14	146	13⅞	13½	13½	-¼
41⅜	29½	Zurn Ind	0.88	0.02	13	497	34⅝	34	34	-½
12⅞	10¼	Zweig Fund x				158	12⅝	12½	12⅝	
9⅞	8½	Zweig Tot x				635	u9¼	9⅛	9¼	+⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices April 10

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Pall Corp	0.88	39	873	36	35¼	35½	-⅛
Pegasus G		101	298	12⅞	12½	12⅝	-⅛

NASDAQ NATIONAL MARKET

3:00 pm prices April 10

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		45	2016	22⅛	21¼	21½	-½
XL Data		8	127	6	d5¾	5¾	-¼
Xoma Corp		15	5782	27	25¾	25½	-1¼
YankeeEnS	1.02	17	208	u23⅛	22	23	
Yellow Fr	0.94	13	790	30⅞	29⅝	30⅛	+1⅛
York Rsch		22	1344	21	20¼	20¾	
ZionUtah x	1.44	9	6	39	39	39	

FINANCIAL TIMES

Thursday April 11 1991

AMERICA

Equities mark time ahead of March economic data

Wall Street

SHARE PRICES idled in a narrow range yesterday morning as investors and dealers stayed on the sidelines awaiting important inflation figures today and tomorrow, *writes Patrick Harverson in New York.*

At 1.30 pm the Dow Jones Industrial Average was up 5.44 at 2,878.46. The Standard & Poor's 500 was up 0.94 at 374.50 at 1 pm, while the Nasdaq composite of over-the-counter stocks was up 0.45 at 492.91. New York SE volume was moderate at 98m shares at 1 pm.

The market remains reluctant to move firmly in one direction until it sees the producer and consumer prices data for March. Analysts are predicting producer prices to be flat and consumer prices to be up 0.2 per cent.

Among individual issues Immunex plummeted $5¼ to $46¼ on turnover approaching 1m shares after an analyst at Oppenheimer, the broking house, made negative comments on trial data for the company's GM-CSF product, which is used for bone marrow transplant patients.

A beneficiary of the Immunex story was Amgen, which saw its shares climb $2 to $128⅞. Amgen's own G-CSF product for cancer chemotherapy patients is outselling Immunex's GM-CSF, said an analyst at Kidder Peabody.

Hexcel, the manufacturer of materials for aerospace structures, rose $2¼ to $14¼ on volume well above the average for the stock. The gains followed a presentation at a commercial aerospace conference hosted by Goldman Sachs.

In a bright retailing sector, Sears climbed $⅝ to $34¼, Dillard's Department Stores put on $1½ to $112¼ and Home Depot firmed $⅝ to $55. Buyers moved into the three stocks after Smith Barney Harris Upham put them on its investment policy committee recommended list.

Dow Chemical fell $1 to $47¾ after Morgan Stanley slashed its 1991 and 1992 earnings estimates by 21 per cent. Mr Paul Leming, the Morgan analyst, cited an already sluggish second quarter and considerable overseas exposure as the reason for his new forecasts of $3 a share earnings in 1991, and $2.70 a share in 1992.

Caterpillar, the world's largest manufacturer of earth-moving equipment, fell $⅝ to $47⅞ after the company warned that it would show a small loss in the first quarter of 1991. Caterpillar also repeated its warning that earnings for the full year would be substantially lower than in 1990.

Raytheon, manufacturer of the Patriot missile which proved successful in the Gulf War, climbed $¼ to $81¼ after reporting a small rise in first quarter income.

Canada

FEARS that the Canadian recession might be longer than expected, and nervousness that the US Federal Reserve might not cut the discount rate later this week, sent Toronto stocks slightly lower by midday. The composite index lost 7.6 to 3,497.5. Declines led advances by 250 to 181 on volume of 13.5m shares.

Molson continued to fall after its A$151m writedown in Harlin Holdings. Brascan class A shares were flat at C$19¼ in heavy trade. Dominion Bond Rating Service cut its ratings on Brascan senior debt but left its rating on the company's commercial paper and preferred shares unchanged.

EUROPE

Bourses follow US lower as rate hopes melt away

BOURSES MADE a muted response to Tuesday's fall on Wall Street. Several markets were also preoccupied with interest rates yesterday, *writes Our Markets Staff.*

PARIS fell in moderate trading, as hopes of an interest rate cut waned following inaction by the US Federal Reserve. The CAC 40 index lost 29.04 or 1.6 per cent to 1,816.92 in turnover of FFr2.34bn by the close, after Tuesday's FFr3.1bn. Volume was again boosted by trading connected with companies' offers for minority holdings.

Michelin, the tyremaker, dropped FFr4.80 or 5.5 per cent to FFr82.70 on heavy volume of 572,000 shares. The extent of its planned job cuts, announced on Tuesday, had surprised the market, said one dealer, while a press report that Michelin had been forced to reduce prices for Renault and Peugeot also depressed sentiment.

FT-SE Eurotrack 100 - Apr 10

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1106.04	1105.24	1102.39	1102.60	1102.51	1102.03	1103.31	1102.87

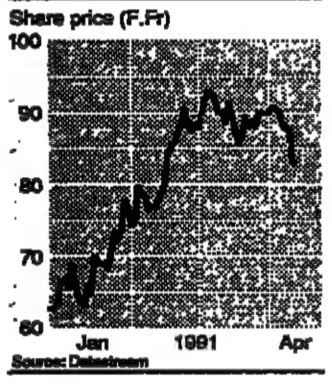
Day's High 1106.35 — Day's Low 1101.65

Apr 9	Apr 8	Apr 5	Apr 4	Apr 3
1111.57	1113.55	1119.54	1114.06	1116.86

Base value 1000 (26/10/90)

Michelin

Share price (F.Fr)



Source: Datastream

Total – the latest company to offer to buy in outstanding shares in a subsidiary – gained FFr16 or 2.3 per cent to FFr708. The oil group has offered less than the market price for Omnium Financier de Paris, which plunged FFr202 or 11.4 per cent to FFr1,568.

Pechiney International shed FFr8.80 or 5 per cent to FFr169 after the previous day's group profits news. Several analysts recommended buying of Pechiney investment certificates (CIs) rather than Pechiney International, although the CIs fell back FFr9.90 to FFr359.10 after Tuesday's FFr8 gain.

Société Générale, which announced results after the bourse closed, fell FFr12.50 to FFr425.50. It said that it would convert its non-voting B shares, suspended at FFr349, into ordinary shares.

FRANKFURT mulled over the Bundesbank's Tuesday increase in "repo" rates from 8.50 to 8.60 per cent. Mr Jens Wiecking at Merck Finck in Düsseldorf said that it was an indication of tighter monetary policy; a marginally more attractive rate for fund managers who are looking at a 1991 p/e of 14 on German equities; and a prelude, probably, to a rise of half a percentage point in discount and Lombard rates, which should mark the top of the interest rate cycle.

After a 10.56 fall to 666.35 in the FAZ index at midsession, the DAX closed 20.22 lower at 1,561.89. Volume fell back from DM5.9bn to DM4.9bn.

Falls were widespread. Commerzbank's results were as expected and its DM4.50 decline to DM266.50 followed the market trend. Of the few winners, AEG rose DM7 to DM221 as it talked up its automation technology business at the Hanover trade fair; and MAN gained DM2.40 to DM[illegible] after it said that truck orders were up by 44 per cent in the nine months to April 1.

MILAN closed easier in technical trading ahead of the expiry of monthly options contracts tomorrow. Dealers said that they expected 75 per cent of call options to be taken up. The Comit index fell 1.17 to 591.77 in turnover estimated at L140bn after Tuesday's L127bn.

The insurance sector was strong on talk of changes in the way tariff increases are decided. Generali added L250 to L36,050.

Trading in Banca Toscana and unlisted market dealings in Banca di Perugia were suspended yesterday. Toscana said later that the two banks planned to merge, and the Milan stockbrokers' executive committee recommended the exchange of three Toscana shares for 16 Perugia shares.

AMSTERDAM was lower in response to the overnight fall on Wall Street and the weaker dollar. The CBS tendency index finished 1.4 down at 95.4. Analysts said that the market had entered a consolidation phase, but added that volume of Fl 631m, below recent levels, suggested that underlying sentiment was positive.

Hoogovens eased 90 cents to Fl 56.40. At the annual news conference the board said most of the expected 1991 profit fall would be in the first half.

Ahold, the retailer with a large exposure to the US, fell another Fl 2.30 to Fl 81.40.

STOCKHOLM closed lower for a fourth day, weighed down by Wall Street. The Affärsvärlden General index fell 6.8 to 1,083.0 in turnover of SKr294m, down from SKr482m.

OSLO was disappointed by a new tax reform planned by the government. The all-share index dropped 6.91 to 476.76 in thin volume of NKr212m.

MADRID eased before tomorrow's March inflation news, the general index falling 2.12 to 279.00 in turnover of about Pta10bn, down from Pta13.2bn.

ZURICH's strength in financials disappeared as the Crédit Suisse index fell 5.1 to 556.5.

Japanese scrip issues lose their bonus label

William Cochrane and Emiko Terazono explain the revision in the commercial code

A REVISION in the Japanese commercial code, designed to remove the popular misconception that scrip issues are some sort of bonus to shareholders, could alter attitudes long ingrained in Japanese companies and investors.

The change applies to capitalisation, or scrip issues, a book-keeping exercise which simply moves shareholders' equity from reserves into share capital; the term "gratis", applied to scrip issues, is out, and "share-splitting" is in.

The new rule will be implemented this month to coincide with the beginning of the fiscal year 1991/92. It is unlikely to please Japanese company directors, or some tacticians in the Tokyo securities houses.

Just over a year ago the Nikkei average was nearly through the first of its two great, cascading downward runs of the year. At that point Mr Takashi Ishihara, chairman of Nissan Motor and head of Keizai Doyukai, the Japanese Association of Corporate Executives, suggested that companies take pity on the poor shareholder.

Measures such as share splits, scrip issues and new share issues at a discount should be made to "reward" shareholders, he said. Before and after Mr Ishihara, Japanese people have talked about these exercises as "bonuses".

The implication that scrip issues have intrinsic value to shareholders does not sit well with Anglo-Saxon or US-trained investment analysts, who are taught that an increase in the number of shares in issue merely reduces earnings, cash flow or assets per share and, therefore, that the price of the shares will fall accordingly.

Mr Jonathan McClure at Schroder Securities in Tokyo says: "Investors are given the illusion they are getting something free when a company announces a gratis issue. But in reality companies are only shuffling the balance sheet."

However, scrips and deep discount rights issues can be taken as a measure of improving corporate sentiment, in Japan and elsewhere. Mr Bill Kemp, a London-based consultant, explains the background.

For many years, says Mr Kemp, Japanese companies would make issues for cash,

> **The term "gratis", applied to scrip issues, is out, and "share-splitting" is now the in phrase**

priced at the book value of the shares (which might be Y50 against a market price of, say, Y1,000) and maintain a stable dividend rate on the increased equity. This would give shareholders an improved dividend yield on their enlarged investment, and an incentive to retain the equity.

In the late 1960s and early 1970s, he says, the companies began to realise that this was a very expensive way of raising capital. They moved away from rights issues at par, prompting an outcry from shareholders.

The companies then said they would return the premium over par paid by shareholders in newer, more highly priced issues – and reflected in a share premium reserve on the balance sheet – by making scrip issues to shareholders out of that share premium account. The idea circulated that scrip issues were a good news exercise.

Mr Shigeru Fujinuma, who leads the Nomura International team selling Japanese equities to European institutions, particularly those in the UK, emphasises that Japanese corporate management thinks that it must maintain the dividend rate, or lose face.

So if a company makes, say, a 30 per cent scrip issue, this implies that it can maintain the same dividend rate in spite of the increase in the shares in issue. It follows that shareholders will believe that the company expects to earn enough to pay the higher dividend.

"You should remember, too, that the dividend yield could increase from just 0.5 per cent to 0.65 per cent on this basis," says Mr Fujinuma. "That is not much in itself, but it is an indication of how the management feels."

There are some Japanese, he says, who decry the "gratis" issue concept. "Those who have studied in US business schools think that it is ridiculous, and say that they will sell short if the shares go up," Mr Fujinuma adds.

Nomura is among the brokerage houses which monitor companies that have announced or are likely to announce scrip issues. In Tokyo, however, some houses find the new nomenclature discouraging, and claim that sales people will still use the word "gratis" when dealing with their clients.

ASIA PACIFIC

Non-life insurers in focus as Nikkei weakens

Tokyo

LACK OF institutional support after the overnight fall on Wall Street caused share prices to weaken yesterday in spite of attempts to support the Nikkei average, *writes Emiko Terazono in Tokyo.*

Some of the morning losses were cut by programme buying towards the end of the session, and the index lost a net 48.53 at 26,268.86, after reaching a high for the day of 26,369.76 and a low of 26,190.55.

Volume further decreased from 430m shares to 400m. Declines led rises by 537 to 412, with 187 issues unchanged. The Topix index of all first section stocks shed 1.22 to 1,985.07, but in London trading the ISE/Nikkei 50 index edged up 1.21 to 1,492.12.

Sentiment remained subdued, but Mr Michi Wakizono at CS First Boston said that as soon as prices on Wall Street rallied institutional investors would return to the market.

Others had a more negative outlook. Mr Paul Muller at Schroder Securities said poor corporate results would make investors jittery.

Non-life insurers rose for the second day. Dai-Tokyo Fire & Marine climbed Y70 to Y1,020 on hopes of an elimination of barriers stopping insurance companies from entering other financial industries. Heavy buying by a leading Japanese securities house was noted, and the popularity spread throughout the sector.

Koa Fire & Marine added Y30 at Y995 and Nippon Fire & Marine advanced Y34 to Y905.

Interest rate-sensitive stocks lost ground on disappointment that the US Federal Reserve had left its monetary policy unchanged. Mitsubishi Heavy Industries slipped Y9 to Y788 and Tokyo Electric Power fell Y20 to Y3,850.

Some electricals were bought on the firm US semiconductor book-to-bill ratio figures announced overnight. Hitachi gained Y10 to Y1,230 and NEC put on Y10 to Y1,530.

Communications-related stocks bounced. Matsushita Communication Industrial moved up Y70 to Y3,840 and Japan Radio Y60 to Y2,840.

Some institutional investors sought resource-related issues as long-term investments. Teikoku Oil advanced Y30 to Y995 and Sumitomo Metal Mining Y60 to Y1,350.

Tokyo Steel was sought as investors looking for laggard stocks were attracted to its low rating, but it later receded to finish steady at Y3,810.

Nippon Yakin Kogyo, the stainless steel maker, rose Y13 to Y999 on reports that export prices of stainless steel were to rise, but other stainless steel issues were down. Nisshin Steel lost Y9 to Y746.

Namco, a game maker on the second section, moved ahead Y240 to Y3,400 on projections of an 18 per cent rise in pre-tax profits for the year ended last month. Nintendo, the video game manufacturer, on the other hand, fell Y200 to Y16,400 on margin position worries.

Investors turned to smaller issues from big board stocks. The second section index rose 4.82 to 3,280.45 and the over-the-counter market climbed 44.48 to 2,948.75.

In Osaka, the OSE average retreated 199.62 to 29,746.65 on volume of 31.6m shares, against Tuesday's 36.6m.

Roundup

MANILA tumbled on fears of a coup attempt yesterday, while Hong Kong enjoyed a late rally. Other Pacific Rim markets were little changed.

MANILA dropped 7.5 per cent after inflammatory statements by Major General Alexander Aguirre, who resigned in protest at the appointment of Major General Lisandro Abadia as chief of staff. After the statements, bombs exploded in Manila, renewing fears of a coup.

Trading was active, although turnover slipped to 205m pesos from 213m, while the composite index fell 87.05 to 1,067.68 from Monday's 12-month high; the market was shut for a holiday on Tuesday. One analyst said the current sell-off could attract bargain hunting because the fundamentals remained good.

PLDT weakened 40 pesos to 472.50 pesos after the overnight fall in New York, where the telecommunications company is also listed.

HONG KONG had a late afternoon rally, more than erasing steep early losses which followed Wall Street's overnight decline.

The Hang Seng index ended 20.32 up on balance at 3,777.62, after a fall of nearly 50 points in early trading. Turnover dipped from HK$1.65bn to HK$1.60bn.

Properties led the rally. New World Development and Cheung Kong were lifted by unconfirmed rumours suggesting that Cheung Kong intended to buy 10 per cent of New World at HK$10 a share. New World moved ahead 55 cents to HK$9.95 and Cheung Kong improved 30 cents to HK$18.20.

Hutchison Whampoa, Cheung Kong's associate, put on 40 cents to HK$15.30 after minority shareholders in its subsidiary, Cavendish International, rejected Hutchison's proposal to buy the 35 per cent of Cavendish which it did not already own at HK$4.10 a share. Cavendish was unchanged at HK$4.

TAIWAN featured higher banks and mixed industrials as the weighted index rose another 13.92 to 5,363.68. **SINGAPORE** eased in light trading, the Straits Times Industrial index losing 9.28 to 1,460.16.

NEW ZEALAND managed a complete standstill, with the Barclays index unchanged at 1,367.91. Robt. Jones, the property investment company, appreciated 5 cents to 45 cents on unusually heavy volume of 1.6m shares, having announced that it would place 250m new shares at 40 cents each with Grantham, Mayo, Van Otterloo, a Boston funds-management concern.

AUSTRALIA's All Ordinaries index shed 6.5 to 1,442.6 in turnover down from A$176m to A$168m. Retailer Coles Myer fell 18 cents to A$9.36; its founding family members' stake has been reduced from 9 to around 7.4 per cent.

SOUTH AFRICA

JOHANNESBURG eased as gold prices fell and the financial rand recovered. Owing to a communication fault, the closing indices were unavailable. At 10.15 am, the all-share index was down at 2,972 from Tuesday's 2,978 close.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY APRIL 9 1991								MONDAY APRIL 8 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (74)	136.89	+0.4	113.35	116.88	118.74	115.81	+0.2	5.87	136.41	114.32	118.34	119.75	115.54	137.70	112.74	135.51
Austria (19)	206.60	+1.4	171.07	176.37	179.22	180.15	+0.9	1.46	203.70	170.72	176.73	178.82	178.63	222.37	167.00	276.57
Belgium (60)	141.59	+0.9	117.24	120.86	122.82	120.46	+0.3	4.94	140.33	117.61	121.74	123.19	120.06	151.20	121.73	146.59
Canada (116)	138.01	−0.2	114.27	117.81	119.71	115.22	−0.3	3.43	138.30	115.91	119.98	121.40	115.56	141.10	126.49	140.60
Denmark (31)	245.91	+0.1	203.62	209.93	213.31	214.72	−0.8	1.55	245.63	205.87	213.11	215.63	216.40	270.56	217.74	250.38
Finland (21)	123.46	−0.9	102.23	105.40	107.10	102.31	−1.4	2.37	124.55	104.38	108.06	109.33	103.81	125.15	90.61	137.12
France (113)	142.99	+1.1	118.40	122.06	124.02	126.67	+0.0	3.40	141.40	118.51	122.67	124.12	126.71	152.26	121.85	161.64
Germany (88)	112.93	+1.8	93.51	96.42	97.96	97.96	+0.6	2.29	110.89	92.94	96.22	97.34	97.34	125.35	102.43	133.71
Hong Kong (48)	153.25	−1.4	126.89	130.82	132.94	153.34	−1.4	4.46	155.40	130.24	134.82	136.43	155.51	156.75	119.62	121.57
Ireland (16)	168.05	+0.8	139.15	143.46	145.78	148.00	−0.2	3.09	166.72	139.73	144.64	146.35	148.35	182.46	132.88	187.56
Italy (91)	81.63	+0.5	67.59	69.68	70.81	75.55	−0.5	3.37	81.22	68.07	70.46	71.29	75.95	88.23	72.05	99.23
Japan (452)	142.68	+0.4	118.13	121.79	123.77	121.79	−1.2	0.70	142.14	119.13	123.32	124.80	123.32	146.97	118.35	134.03
Malaysia (33)	232.31	−1.9	192.36	198.31	201.51	245.78	−2.0	3.08	236.74	198.41	205.38	207.81	250.73	247.78	192.83	211.16
Mexico (12)	813.27	−1.2	673.41	694.27	705.47	2660.46	−1.2	0.26	823.26	689.97	714.25	722.70	2692.23	824.35	534.45	392.51
Netherland (40)	140.98	+1.5	116.74	120.35	122.30	121.07	+0.3	4.31	138.94	116.45	120.54	121.97	120.65	145.73	125.70	138.67
New Zealand (14)	46.49	−0.2	38.50	39.69	40.33	41.82	+0.1	8.17	46.61	39.06	40.44	40.92	41.75	52.31	41.18	62.68
Norway (30)	197.80	+0.1	163.78	168.86	171.58	174.71	−0.8	1.80	197.51	165.53	171.36	173.38	176.06	223.24	182.24	228.62
Singapore (25)	192.93	−1.7	159.75	164.70	167.35	157.10	−1.8	2.38	196.28	164.50	170.29	172.30	159.96	208.25	151.63	188.86
South Africa (60)	202.19	+1.5	167.41	172.59	175.38	147.56	+1.0	3.87	199.20	166.95	172.82	174.86	146.12	208.54	173.00	185.46
Spain (41)	162.05	+1.4	134.18	138.34	140.57	126.75	+0.7	4.48	159.80	133.92	138.64	140.28	125.90	171.12	131.51	141.98
Sweden (27)	188.06	−0.7	155.72	160.54	163.13	168.22	−1.3	2.59	189.31	158.66	164.24	166.19	170.46	204.12	146.60	180.29
Switzerland (65)	97.89	+1.4	81.05	83.57	84.92	85.75	+0.0	2.41	96.58	80.95	83.80	84.80	85.78	100.67	82.17	91.36
United Kingdom (295)	182.15	+1.1	150.82	155.46	157.99	150.82	−0.1	4.70	180.16	150.99	156.28	158.13	150.99	187.44	156.27	147.09
USA (525)	151.61	−1.3	125.53	129.43	131.52	151.61	−1.3	3.23	153.59	128.72	133.26	134.84	153.59	164.09	125.95	138.24
Europe (937)	145.08	+1.2	120.13	123.85	125.85	123.24	+0.0	3.84	143.39	120.18	124.41	125.88	123.20	151.52	125.50	139.82
Nordic (109)	184.29	−0.3	152.59	157.32	159.86	156.55	−1.0	2.06	184.76	154.85	160.30	162.20	158.19	200.81	155.55	187.53
Pacific Basin (646)	142.36	+0.3	117.88	121.54	123.50	122.16	−1.2	1.04	141.95	118.97	123.15	124.61	123.64	145.92	117.88	133.61
Euro – Pacific (1583)	143.83	+0.7	119.10	122.78	124.76	123.48	−0.7	2.20	142.89	119.76	123.96	125.43	124.33	147.66	121.29	136.48
North America (641)	150.68	−1.2	124.77	128.65	130.73	149.16	−1.2	3.24	152.56	127.86	132.38	133.95	151.03	159.04	125.91	136.29
Europe Ex. UK (642)	122.73	+1.2	101.62	104.79	106.48	107.12	+0.1	3.15	121.24	101.61	105.20	106.45	106.97	129.80	106.85	133.54
Pacific Ex. Japan (194)	137.94	−0.6	114.21	117.77	119.66	122.42	−0.6	5.04	138.72	116.26	120.37	121.79	123.18	139.90	111.40	127.85
World Ex. US (1771)	144.60	+0.6	119.74	123.45	125.44	124.04	−0.7	2.25	143.69	120.43	124.68	126.15	124.86	148.16	122.32	137.24
World Ex. UK (2001)	142.32	−0.2	117.84	121.50	123.47	130.76	−1.0	2.33	142.61	119.52	123.73	125.20	132.06	145.99	120.06	135.49
World Ex. So. Af. (2236)	145.52	−0.1	120.49	124.23	126.24	132.64	−0.9	2.59	145.62	122.04	126.35	127.84	133.85	147.10	122.92	136.21
World Ex. Japan (1844)	148.96	−0.3	123.34	127.17	129.23	138.53	−0.7	3.54	149.36	125.17	129.59	131.13	139.51	151.69	126.69	139.17
The World Index (2296)	145.88	−0.1	120.77	124.52	126.53	132.75	−0.9	2.60	145.94	122.31	126.62	128.12	133.93	147.40	123.26	136.51

Latest prices were unavailable for this edition. Name change: HK & Shanghai Bank to HSBC Hldgs.(Hong Kong).